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A COMPARATIVE EVALUATION OF PERFORMANCE
APPRAISAL SYSTEMS USED IN INDUSTRY AS
COMPARED TO THE APPRAISAL SYSTEM USED
BY THE UNITED STATES MARINE CORPS

by

Harold Thomas Ward

A COMPARATIVE EVALUATION OF PERFORMANCE APPRAISAL
SYSTEMS USED IN INDUSTRY AS COMPARED TO THE
APPRAISAL SYSTEM USED BY THE UNITED
STATES MARINE CORPS

BY

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Bachelor of Arts

The Citadel, 1959

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TABLE OF CONTENTS

	page
LIST OF TABLES	iv
LIST OF ILLUSTRATIONS	v
Chapter	
I. INTRODUCTION.	1
Statement of the Research Question	
Scope of the Study	
Purpose and Utility of the Study	
Research Methods Utilized and Methods of Analysis	
Organization of the Study	
II. THE EVOLUTION TOWARD A NEW APPRAISAL PHILOSOPHY.	9
Introduction	
The Evolution of a New Appraisal Philosophy	
The Purposes of Conventional Appraisal Systems	
The Weaknesses of Conventional Appraisal Systems	
The Effectiveness of General Electric's Appraisal System: Three Case Studies	
III. APPRAISAL-BY-RESULTS--A NEW APPRAISAL PHILOSOPHY.	30
Introduction	
Management-by-Objectives	
Appraisal-by-Results System	
Advantages Derived from Appraisal-by-Results	
Weaknesses Common to any Appraisal System, and Weaknesses Found Common to a Management-by-Results Appraisal System	
A Unification of a Conventional Appraisal System with an Appraisal-by-Results System: A Combination Approach	

Chapter	Page
IV. THE MARINE CORPS APPRAISAL SYSTEM: AN ANALYSIS	59
Introduction	
Background of the Marine Corps Appraisal System	
An Analysis of the Marine Corps Fitness Report System	
Weaknesses and Problems Commonly Associated with the Marine Corps Fitness Report System	
The Marine Corps Fitness Report and its Value as a Management Tool	
Proposed Data Automated Fitness Reporting System	
V. MANAGEMENT-BY-OBJECTIVES AND APPRAISAL- BY-RESULTS AND THEIR APPLICATION TO THE MARINE CORPS MANAGEMENT SYSTEM.	85
Introduction	
A Review of Some of the Major Conclusions Derived from the Booze, Allen & Hamilton Report	
The Booze, Allen & Hamilton Analysis of the Marine Corps Management Environment	
Weaknesses and Potential Drawbacks in the Application of Performance Standards Techniques Program into the Marine Corps Management System	
VI. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.	101
Summary	
Conclusions	
Recommendations	
BIBLIOGRAPHY	114
APPENDIX A	119
APPENDIX B	143

LIST OF ILLUSTRATIONS

Figure	Page
1. Examples of Quantitative and Qualitative Measuring of Typical Management Positions	40
2. Manager's Functional Evaluation Report.	44
3. Manager's Performance Record.	45
4. Officer Fitness Report--U.S. Marine Corps (NAVMC 10147-PD) (Front).	61
4. Officer Fitness Report--U.S. Marine Corps (NAVMC 10147-PD) (Back)	62
5. Flow Chart of Current Officer Fitness Reporting System.	65

LIST OF TABLES

Table	Page
1. Distribution by Percentage of "General Value to the Service" Item 19(a) by Rank, Giving Outstanding Marks by Percentage	72
2. Percentage of Marine Officers Receiving Excellent/Outstanding or Higher "General Value to Service Marking" Item 19(a)	73

CHAPTER I

INTRODUCTION

The problem of objectively evaluating subordinate personnel, who by the natural laws of succession of command responsibility must be destined to perpetuate the entity of a military or business organization, has, for many years, been a subject of a great deal of management and business literature.

There is probably not a business or military organization in the world, regardless of size, that does not profess to have some type of appraisal system. The problems of appraisal must be faced not only by the owners of small businesses but with equal impact by the management of large organizations. The questions or problems, then, are not the necessity of the appraisal, but, as Marion Kellogg has stated: ". . . the questions are:"

Appraisal for what purpose? On what basis should the appraisal be made? What factors should be taken into account? . . . When it involves another person, should it be discussed with that person? . . . Under what circumstances? And, how fully and frankly should it be discussed? These are the issues to be argued. These are the elements that make appraisal good or bad, effective or ineffective.

Managers should have a good understanding of what appraisal is, how accurate it can be, and what they can realistically expect from the appraisals they make.¹

It would seem apparent that the larger and more complex the organization, the more difficult the appraisal problem could become to top-level management. There is, however, little doubt that, regardless of the size and complexity of an organization, the problems involved in personnel appraisal are some of the greatest difficulties encountered and almost defy adequate solution.

In attempting to arrive at a reasonable solution to this problem, every military and business organization has devised some type of appraisal system to evaluate the growth potential and performance of its subordinates. It is the success or failure of such a system that will largely determine if an organizational entity is to be perpetuated or will eventually fail.

The editors of the Harvard Business Review related to the above philosophy in making the following observations:

The most outstanding accomplishment of Sloan and his associates is the durability of their achievement. . . . Sloan created at General Motors a way of managing a business that perpetuates itself and in no way depends on the individual genius or virtuosity of any one man. How this has been achieved is the real mystery of GM.²

¹Marion S. Kellogg, What To Do About Performance Appraisal (New York: American Management Association, 1965), pp. 14-15.

²Editors, "The Great GM Mystery," Harvard Business Review (September-October, 1964), 166.

What the editors were saying was that "the real secret of GM's success is not just the organizational and financial techniques described by Sloan and many others, but its ways of developing managerial talent."¹

It would appear that the perpetuation of personnel who have the competence, efficiency, talent, flexibility, personality, and loyalty to handle positions involving ever-increasing levels of responsibility would be the desire of every rational organization. The following quotation from a pamphlet written by Robert L. Katz adds further impetus to this problem:

Recently, [1953], L. L. Colbert, President of Chrysler Corporation, called the need for better men in management the most critical need of our times. Gwilyn A. Price, President of Westinghouse Corporation, has said: "The problem of choosing and training personnel so as to insure effective and orderly succession to the top levels of management is the most engrossing problem that faces corporate management. . . . Every company is constantly seeking ways to assess human abilities, and so to eliminate the risks of accident and haphazard choice in the selection of its leaders."

Fortune magazine reported: "If any one management problem dominated executives' thinking in 1953, it was the executive himself or, more accurately, how to find the right kind of people to be executives. . . . Over the long pull, . . . the basic management problem that will probably get the most sustained attention is that of executive development." And a host of similar comments could be added.

Clearly, the problem of finding and developing good administrators (leaders, managers, or executives) is receiving enormous attention.²

¹Ibid., 164.

²Robert L. Katz, Executive Skills: What Makes A Good Administrator (Amos Tuck School of Business, 1954), p. 2.

Although written in 1953, the above observation is still appropriate to present-day analysis of the appraisal problem, if not more so, due to increased organization size and complexities.

One of the most exciting phrases to appear in the field of management within the past fifteen years has been Peter F. Drucker's "Management-by-Objectives" theory. Corollaries to this theory have brought about similar concepts such as Drucker's "Managing for Results," Odiorne's "Management by Objectives," and many other concepts similarly oriented toward management by total objectives. The theory, as modified and expounded in recent years, is exciting and offers much promise in an era of increasing organizational and human behavioral complexity. Appendix A to this paper contains a close examination of the concept of "Management-by-Objectives" and its possible application to the military. This study was prepared jointly by this writer and five other officers as a group project. It has been included in this paper to provide the reader with a concise overview of this relatively new development in the field of management. It will further aid this writer in the presentation of the newest and, without a doubt, the most modern approach to the appraisal problem--that of appraisal-by-results.

Statement of the Research Question

Proceeding under the assumption that an appraisal system of some type is needed if an organization is to survive

as a successful business entity, the following primary research question has been explored:

Does the Marine Corps officer personnel appraisal system meet the needs of a modern Marine Corps?

As a result of the investigation and analysis of the primary research question, six subsidiary questions were developed and were subsequently examined. They were:

1. What is the current philosophy on personnel appraisal, particularly as directed toward the management executive level in the larger business organizations?
2. Does the appraisal system provide the Marine Corps with an effective managerial tool for aiding in the development of company and field grade officers (Second Lieutenants-Lieutenant Colonels)?
3. Does it provide the Marine Corps with an effective vehicle for aiding promotion boards in selecting officers for the next higher grade?
4. Is the appraisal system an effective vehicle for aiding the Marine Corps in personnel assignment?
5. How does the Marine Corps officer appraisal system environment compare with modern business organizations? Further, does a basis for comparison exist and, if so, where?
6. Can appraisal-by-results be successfully integrated into the Marine Corps appraisal system?

Scope of the Study

This writer did not dwell at any length on the historical evolution of appraisal systems in the Marine Corps

or business organizations since these areas have been adequately covered in past theses. Instead, a view was taken of the appraisal system problem from a present, real-time approach. In particular, an examination has been made of the current philosophy of appraisal systems as expounded by some of the experts in the fields of management, human behavior, and personnel administration. Although it was not within the scope of this paper to analyze the appraisal systems utilized by industry, or other military services, the opinions and conclusions of many experts in the field were reviewed in an attempt to obtain a current business philosophy on the appraisal problem. A detailed study was made of the appraisal system presently utilized by the Marine Corps.

Purpose and Utility of the Study

The purpose of this paper has been to analyze the present Marine Corps appraisal system in order to determine if it is satisfying the needs of the Marine Corps and if it is, in fact, an effective, viable system of objective personnel appraisal. This writer also had the goal of determining what the objectives of the Marine Corps appraisal system were.

The utility of this thesis should lie in the broad, but comprehensive, treatment of its scope. This paper will provide the reader with an objective and comparative look at the breadth of the appraisal question--extending from conventional methods to the latest appraisal philosophies.

In addition, Chapter III, coupled with Appendix A, will provide the reader with a basic look at the more important aspects of the concept of management-by-objectives. This comprehensive study will provide the reader--whether civilian or military--with a firm base from which to conduct additional research or study in the area of performance appraisal.

Research Methods Utilized and Methods of Analysis

The methodology utilized in the research for this paper included, primarily, library research but was supplemented by personal interviews with various experts in the field, both civilian and military. Information utilized in this thesis was obtained from primary and secondary sources. As a general guide, this writer tried not to utilize sources which would date past 1965. However, some books and articles utilized were of a later date because they are considered classics in the field. The analysis of this thesis was largely inductive, supplemented by some deductive reasoning. Much of the deductive analysis utilized was based on this writer's eleven years of experience in the Marine Corps, primarily in direct command assignments. During this period, this writer had been fortunate to have worked quite extensively with the Marine Corps appraisal system at the "working level."

Organization of the Study

In Chapter II, the evolution toward a new appraisal philosophy will be traced briefly, including the needs for a

new system and examining some purposes and weaknesses of the conventional systems. The primary purpose of this chapter is to provide the background for the study of new appraisal philosophy.

In Chapter III, the opinions and theories of leading authors concerning the subject of personnel appraisal will be critically analyzed for the purpose of seeking conclusions which will form a base for the development of the remaining chapters. Primarily, this chapter will deal with appraisal-by-results as this method, or variations thereof, is considered by many to be one of the most modern and forward thinking methods of personnel appraisal.

In Chapter IV, a detailed analysis was made of the Marine Corps appraisal system in order to determine what objectives the system is expected to accomplish and if it is meeting the needs of a modern-day Marine Corps.

Chapter V contains an analysis of the possibility of integrating appraisal-by-results into the Marine Corps management system. This chapter is primarily concerned with the analysis of a recent study conducted to determine the feasibility of applying performance standards techniques (management-by-objectives) in senior Marine Corps billets.

Chapter VI contains the summary, conclusions, and recommendations drawn from the previous four chapters and answers the primary and subsidiary questions.

CHAPTER II

THE EVOLUTION TOWARD A NEW APPRAISAL PHILOSOPHY

Introduction

Although there have been many criticisms levied at the popular conventional instruments of appraisal, there is little doubt that their use has, in many cases, completely justified their purpose. Conventional rating systems are many and varied; McConkey sees conventional measuring as usually taking the form of performance appraisal, or merit rating, which he terms as "personality" measuring. Such measurements normally emphasize effort expended rather than output achieved.¹

This chapter is devoted to an exploration of some of the attitudes and developments which have led industry, human behaviorists, and writers in the field of management, to consider alternative methods of appraising subordinates rather than the conventional methods previously and presently being practiced. This chapter will explore the evolutionary process which has led to a new appraisal philosophy and will also examine the major purposes and weaknesses of conventional

¹Dale D. McConkey, "Judging Managerial Performance: Single vs. Multiple Levels of Accountability," in Executive Leadership: The Art of Successfully Managing Resources, ed. by Phillip Grub and Norma M. Loeser (Wayne, Pennsylvania: MDI Publications, 1969), 363.

methods. The theories and observations discussed will be reinforced by two recent studies conducted within the General Electric Company, to evaluate their conventional appraisal system.

The Evolution of a New Appraisal Philosophy

Patton envisions a three-step evolution of appraisal systems, beginning with early approaches of appraising performance in terms of preconceived characteristics which personnel being evaluated were expected to possess. These early (and still frequently used) systems did not attempt to appraise performance in terms of results obtained by the evaluated, either from his decisions or direct influence. Weaknesses of such a system were:

1. The inability of appraisal characteristics such as leadership, initiative, dependability, judgment, to effectively measure a man's performance. Usually, such ratings reflect what is thought of a man rather than what he does.

2. The lack of performance criteria that can be related to job responsibilities. Concentration on personality traits tends to ignore objective measurements of actual performance such as can be developed from budgets and accounting reports.

3. The highly subjective nature of such reports makes it extremely difficult for superiors to feedback their

evaluation of the subordinate's performance to the individual who has been evaluated.¹

The second step in the evolution was the mathematical approach. This approach was an attempt by appraisers to overcome the inherent weakness of the subjective, trait-oriented systems. Procedures were developed to measure performance in terms of individual goals or targets. In many instances, bonus plans were developed from this system to reward the individual who met his individual goals not only by a high performance rating, but by a monetary compensation as well. The mathematical approach thus attempted to eliminate subjective judgment as a means of determining bonuses and measuring performance in terms that are understandable to the individual. Like the subjective approach, the mathematical approach also has some serious shortcomings:

1. Once individual targets have been established, there is a strong tendency for mathematics to take over the basic responsibility of management to manage.

2. Individual goals set at the beginning of the year must be consistent between divisions, or their functions, if the mathematically derived payoff at the year's end is to be fair. If such is not the case, then executives will be overpaid or underpaid as a result of forces beyond their control.

¹Arch Patton, "How to Appraise Executive Performance," Harvard Business Review (January-February, 1960), 63.

3. Mathematically derived payoffs coming from pre-set goals do not allow for adjustments in rewarding an individual for difficulty of accomplishment.¹

The third and final step in the evolution, as viewed by Patton, is the planned performance approach, also called by many other names: appraisal-by-results, programmed management, and management-by-objectives. This approach is basically a combination of the better aspects of the first two systems, and was ". . . aimed at providing a sound basis for judging the relative performance of executives, expressed in terms of their individual responsibilities."² The bulk of the third chapter will be devoted to an analysis of this third stage of appraisal evolution. For purposes of this paper, the term "appraisal-by-results" will be utilized to describe this new approach.

The controversy over whether or not a need exists for a new appraisal system continues with many authors defending the pros and many defending the cons of the issue. Consider, for instance, this statement from Odiorne:

Several summers ago, the author and his colleagues were preparing materials for a film strip on management development. The film was designed to explain to a company how management development worked and how it could help in the conduct of company business. The third section of the film was to be on the subject of management appraisal. To insure that the best and latest

¹Ibid., 64-65.

²Ibid.

techniques were incorporated in the film, we invited a number of authorities on management development to confer with us on the subject and set us straight about what was right and wrong in management appraisal. The result, of course, was chaos.

Nobody could agree with anybody else--and this disagreement over philosophy and method in appraising the performance of subordinates continues without much let-up among other spokesmen in the field. Douglas McGregor, Philip Kelly, Harold Mayfield, and Virgil Rowland are four of the principal protagonists.¹

Mayfield maintained that ". . . the conventional tools of appraisal and of process interview are surprisingly effective and free from difficulties when used with reasonable judgment."²

In fairness to the conventional system, it should be pointed out that full support for any radical changes to the conventional system has not been achieved, and it is likely that the controversy will continue until either a new approach has been overwhelmingly accepted or rejected.

As previously mentioned in this chapter, conventional methods, tempered with rational judgment, effective feedback methods, reasonable goals and expectations, and based on across-the-board fair and clearly defined criteria, could provide management with an effective system of appraisal. However, in the attempt to obtain such a complete conventional system, it has been found that management is merely knowingly

¹George S. Odiorne, Management by Objectives: A System of Managerial Leadership (New York: Pitman Publishing Corporation, 1965), p. 172.

²Harold Mayfield, "In Defense of Performance Appraisal," Harvard Business Review (March, 1960), 81.

or unknowingly sliding toward Patton's evolutionary mathematical and planned performance approaches. Although this may be an oversimplification of the problem, it is unlikely that any author can deny that there cannot exist in any organization an administrative procedure that defies change. The complexities of present-day industry, interwoven with highly sophisticated systems of development and control, have placed demands on management, almost beyond comprehension. Coupled with these changes, we now have a society of people, most of whom have passed through the third stage of Maslow's "Needs Hierarchy"¹ and are now seeking autonomy and self-actualization. These are not the same individuals who, ten to twenty years ago, would allow themselves to be neatly categorized by a scale of obtuse and unclearly defined characterizations of what management expects of them. Future management should now be prepared to cope with intelligent, knowledgeable, and demanding executives--executives who want to know where they are going, what is expected of them, and how they can adapt or reorient their methods of achieving the goals or objectives expected of them.

Leavitt and Whisler foresee two possible outcomes of appraisal systems in the 1980's:

¹Leonard R. Sayles and George Strauss, Human Behavior in Organizations (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1966), p. 18. According to the "needs hierarchy theory," "human needs can be ordered into an hierarchy with physical needs being the lowest and more basic, followed, in ascending order, by security, social, egoistic, and self-actualization needs. In this hierarchy, a higher less basic need does not provide motivation unless all lower more basic needs are satisfied, but once a lower-level need is satisfied, it no longer motivates."

1. Appraisal of higher management performance will be handled through some devices little used at present, such as evaluation by peers.

2. Appraisal of the new middle managers will become much more precise than present rating techniques made possible with the development of new methods attacking specific values to input-output parameters.¹

Although the need for a new system has not been scientifically and conclusively agreed upon, there is a firmly established need to continuously re-evaluate every system, with the idea of possible improvements to bring it in line with the present-day environment.

To carry this subject still further, there are some experts who envision the increased usage of management information systems in industry as opening new horizons in appraisal systems development. One recent study, which lasted some twelve years, and covered over 200 organizations, identified the following benefits which were derived from the increased implementation of computers in industry:

1. The computer has changed the measures managers use to evaluate the performance of their subordinates. And, although the ideal measure has not been changed, the actual measure has.

2. Development and use of information systems has permitted industry to examine the problems in a given area more closely and to evaluate the appraisal of managers involved on the basis of up-to-date, reliable, and quantifiable data.

¹Harold J. Leavitt and Thomas L. Whisler, "Management in the 1980's," Harvard Business Review (November-December, 1958), 48.

3. Management information systems have enabled management to request more detailed back-up statistics on many problems than was possible before the advent of the computer. This increased information makes it possible for managers to apply pressure, organize activities, and up-date performance criteria.¹

Based on the evidence now coming in from management information studies, it seems increasingly likely that "computerized" industry will now be able to develop new appraisal systems and improve existing ones based on quantifiable and objective data. New developments in information systems could give more impetus in the evolution toward a planned performance or appraisal-by-results era. At least evidence strongly indicates that future implementation of planned performance systems would not only be more feasible but practically desirable, in terms of ease of implementation and monitoring.

The Purposes of Conventional Appraisal Systems

Before proceeding with an examination of the system of appraisal-by-results, it would seem appropriate to first make a brief evaluation of some of the more popular purposes of appraisal systems, which will be followed in the next section by an evaluation of how well these purposes have been accomplished by conventional appraisal methods.

¹Charles W. Hofer, "Emerging EDP Patterns," Harvard Business Review (March-April, 1970), 29-30.

It can be said that appraisal systems serve, or can be developed to serve, three basic purposes in any organization, whether military or business. They are: administrative, informative, and motivational.¹ Likewise, the rating scales utilized to achieve the above purposes are concerned with three kinds of concepts: personality, performance, and product.² A brief description of each of these purposes is as follows:

Administrative Purposes

Administrative purposes are numerous and include such uses as promotion, reduction, transfers, salary administration, and assignment to special training programs, to name a few of the more popular applications.

Informational Purposes

Appraisal systems utilized for information purposes provide a feedback system by which a subordinate can be appraised of his performance. This feedback information can come in the form of criticism or praise, and is usually presented to the subordinate by means of an appraisal interview. It is hoped that information provided to the subordinate reflecting shortcomings will provide him with a base from which he can proceed to develop a program of self-improvement.

¹Douglas McGregor, The Human Side of Enterprise (New York: McGraw Hill Book Company, Inc., 1960), pp. 82-88.

²Richard S. Barrett, Performance Rating (Chicago, Ill.: Science Research Associates, Inc., 1966), p. 33.

In addition to providing a feedback of information to the subordinate, conventional appraisal systems also provide information to the organization enabling it to evaluate the performance of the subordinate relative to his peers. The feeding of information to the organization ties in directly to the administrative purposes discussed above.

Motivational Purposes

There are many writers who feel that once performance information has been fed back to the subordinate it will encourage or motivate him to improve any noted shortcomings. If the individual is praised it is hoped that the "pat on the back" would motivate or inspire him to still further improvements, or boost his morale to such a degree that increased efficiency would result.

The Weaknesses of Conventional Appraisal Systems

Having examined the three purposes of conventional appraisal systems, an analysis will now be made of how well the conventional appraisal process has achieved the accomplishment of its purposes. In this analysis, the opinions of several noted authors will be objectively examined. It is hoped that this examination will provide the reader with an objective overview of some of the weaknesses or points of contention which are presently embroiling the appraisal system controversy. In order, some of the weaknesses of appraisals used for administrative, information and motivation will be examined.

Administrative Weaknesses

Although conventional systems, especially those involving the linear scale design, present a convenient, uncomplicated, concise, and clear means of conducting an administrative analysis in the above areas, they are not without some recognized weaknesses. Some of the more common weaknesses associated with conventional systems used for administrative purposes are:

1. The problem of variation of the standards of different evaluators has never been completely solved, even with the increased usage of force-fed graphic rating systems. Regardless of the amount of training, or variation of judgments involved by an evaluator, the only changes apparent are in the degree of subjectivity involved.¹ It would seem apparent that a true comparison of individuals would occur only when the values or criteria applied would be equal for all individuals being appraised. The problem of individual interpretation of the various rated categories is one of the greatest difficulties to be overcome in reducing the subjectiveness of appraisal systems. "The answer given by an appraisal form to the question: 'How has A done?' is as much a function of the superior's psychological make-up as of the subordinate's performance."² There is little question that the majority of evaluation programs fail to properly function and provide useful information because of the evaluator's lack of consistent

¹McGregor, The Human Side of Enterprise, p. 82.

²Ibid.

understanding of judgmental criteria and their lack of instruction on the application of such criteria.¹ Unfortunately, the use of personality traits such as trustful, loyal, helpful, friendly, courteous, kind, obedient, cheerful, brave, clean, etc., are still frequently used as the criteria for subordinate appraisal. Barrett points out a good example of the ambiguity of personality ratings in the following statement:

An illustration of the ambiguity of personality ratings was brought out by Stryker (1958), who collected definitions of the ever popular "dependability" from high ranking executives by interviews and questionnaires. From 150 executives, he received 147 different concepts, sometimes as many as five or six from one person.²

Despite this, a survey of fifty appraisal systems by Habbe (1956), showed that of these elements describing personality characteristics, the most difficult to rate were the most widely used.³

In addition to the weakness of the ambiguity of using personality traits to evaluate performance, no one knows for sure which traits contribute, and how much, to the success of the job.⁴

¹Henry DeVos, ed., "Management Controls and Information," The Journal of Accountancy (February, 1965), 83.

²Barrett, Performance Rating, p. 37.

³Ibid., p. 38.

⁴Ibid.

2. The fact that the performance of a subordinate is often a function of how he is managed greatly complicates usage of appraisal systems for administrative purposes.¹

3. There is strong evidence to support the contention that appraisal systems utilized for information and motivational purposes are more lenient than those employed for administrative purposes. This factor gives rise to the forced inducement of leniency errors in those appraisal reports used for administrative purposes.

Informational Weaknesses

An examination will now be made of several of the common weaknesses normally associated with informational purposes of appraisal system, which will be followed by an analysis of the appraisal interview and its relationship to the appraisal process.

Common Weaknesses

Appraisal systems utilized for information purposes are inclined to possess some of the following weaknesses:

1. There is evidence that subordinates find it difficult to hear and accept criticism and, in our society, tend to react unfavorably to negative evaluations by their evaluators.²

¹McGregor, The Human Side of Enterprise, p. 83.

²Rensis Likert, "Motivational Approach to Management Development," Harvard Business Review (July-August, 1959), 76.

2. Subordinates will tend to reject criticisms involving abstractions and generalities and try to justify to himself and to his superior criticisms supported by concrete illustrations. Therefore, in the latter case, the superior is likely to find himself in a defensive communicative role rather than a supportive role.¹

3. Serious criticism from superior to subordinate, and negative judgments are likely to cause serious damage to the superior-subordinate relationship.

Appraisal Interview

As mentioned above, one of the methods utilized to enable the organization to feedback performance information to the subordinate is the appraisal interview or counsel. Since the appraisal interview is considered by most authorities to be the key to successfully imparting performance information to a subordinate, an analysis will now be made of the opinions of some authors concerning the value of the appraisal device to function effectively in conjunction with the appraisal interview or counsel. Concerning the ability of the manager to utilize the appraisal interview as an information or counseling method, consider the following statement from McGregor:

It can be stated categorically that few managers are competent to practice psychotherapy. Moreover, the situation of the appraisal interview, in which the superior is in the role of a judge, is the poorest possible one for counseling. . . . To attempt to counsel in a formal appraisal

¹McGregor, The Human Side of Enterprise, p. 84.

interview is as much a travesty as to attempt bribery of a victim during a holdup. . . . The role of judge and the role of counselor are incompatible.¹

Mayfield, on the other hand, feels that the conventional tools of appraisal and progress interview are effective when properly employed. As for the ability of the superior to interview and counsel a subordinate, he states: ". . . that bad results rarely occur--and certainly not more often than they do in other man-to-man dealings between supervisor and subordinate."²

Evidence would tend to support a middle-of-the-road approach, recognizing that the dangers of the interview in its potential to destroy superior-subordinate relationship is a real problem. It would, however, appear to be a problem which can be solved only by adequate education of the superior to more advanced and effective counseling techniques. There also seems to be a great amount of validity to McGregor's statement that superiors resent "playing God," and thus resist being placed in the role of judging the worth of a fellowman.³

¹Ibid., p. 86.

²Mayfield, "In Defense of Performance Appraisal," 81-82. This conclusion was based on his participation in thousands of individual appraisals and several years association with people interviewing and interviewed in one company.

³In concluding this extremely important aspect of appraisal analysis, another example of cross issues among authors is cited for the purpose of reinforcing the contention that the subject of appraisal systems usefulness as a tool of counseling and interviewing is highly controversial. In the

Feinberg relates the findings of fourteen companies concerning employee attitudes toward appraisal systems and the related performance review. When the employees were asked about the guidance and correction received from the supervisor during the performance review, the following reactions were recorded:

Very helpful	5 per cent
Some help	21 per cent
Little help	35 per cent
No use at all	39 per cent

Concerning the subject of appraisals in general, 71 per cent felt only the company benefited by appraisal, and only 3 per cent felt that they themselves got something from it.¹

following examples it is interesting to note the similarity between the usage of statistics the two authors are utilizing to emphasize their respective points. Mayfield has stated: "Even the critics of the conventional approach concede that 90 per cent of the people who have been interviewed express satisfaction with the procedure." In one study, our company found that among people who had been interviewed only 2 per cent checked "no" and 6 per cent checked "undecided" in an anonymous questionnaire asking, "Should these discussions be continued?" Ibid., p. 82.

McGregor has stated: "In one company with a well planned and carefully administered appraisal program, an opinion poll included two questions regarding appraisals. More than 90 per cent of those answering the questionnaire approved the idea of appraisals. They wanted to know how they stood. Some 40 per cent went on to say that they had never had the experience of being told--yet the files showed that over four-fifths of them had signed a form testifying that they had been through an appraisal interview, some of them several times." Douglas McGregor, "An Uneasy Look at Performance Appraisal," Harvard Business Review (May-June, 1957), 89-90.

¹Mortimer R. Feinberg, "Performance Review Threat or Promise?", Make Performance Appraisal Work for You, ed. by Nora Percival (New York: American Management Association, Inc., May, 1969), 36-37.

Motivational Weaknesses

In the evaluation of the third basic purpose of appraisal systems, as that of a motivational device, this writer has found that one is entering another highly controversial area. For in reality, the manner in which a rated subordinate accepts criticism, or praise, from any appraisal system is wholly dependent on (1) his background and psychological makeup, and (2) the manner in which the criticism or praise is presented to the individual by the superior. It has been found that praise has little effect one way or the other on the subordinate regardless of how it is presented.¹ Since timeliness of the information is extremely important in the motivation of an individual, it is obvious that any appraisal system must consider the advantages of periodic vs. semi-annual vs. annual reporting or a combination of two of the three.

McGregor has pointed out that the superior's resistance to conducting appraisal interviews, particularly those involving critical judgments, will cause a reaction that is unfavorable in encouraging and motivating subordinates to become more effective.²

On this subject, Likert makes the following observation:

The fundamental flaw in current review procedures is that they compel the superior to behave in a threatening, rejecting, and ego-

¹See supra, p. 27.

²McGregor, The Human Side of Enterprise, p. 87.

deflating manner with a sizable proportion of his staff. This pattern of relationship between the superior and the subordinate not only affects the subordinate but also seriously impairs the capacity of the superior to function effectively.¹

Again, Mayfield reputed this line of thinking, believing that, in the majority of cases, subordinate-superior relationships are greatly enriched by the interview. He was of the opinion that most subordinates can take more candor than they can get from their superiors, and that it is a mistake to shy away from the interview as a result of assuming that people invariably resent suggestions. Although there are certainly limits to candor, Mayfield maintains that the superior is the best judge available to determine the contents and limitations of the interview.²

The Effectiveness of General Electric's
Appraisal System: Three Case Studies

This section will examine the results and findings of three studies conducted at the General Electric Company to determine the effectiveness of their appraisal process. The first study undertaken by General Electric was primarily an evaluation of their conventional appraisal system. The second study, made a year later, was an experiment conducted to validate the conclusions derived from the original study, and to test the traditional annual performance appraisal method against a newly developed (at GE) method called Work Planning

¹Likert, "Motivational Approach to Management Development," 75.

²Mayfield, "In Defense of Performance Appraisal," 84-87.

and Review (WP&R). The third study undertaken in 1964 was an intensive study made of the performance appraisal interview.

Conclusions and Findings of the First General Electric Study

The following are some of the more interesting conclusions and findings derived from the first General Electric study:

1. Criticism has a negative effect on achievement of goals.
2. Praise has little effect one way or the other.
3. Performance improves most when specific goals are established.
4. Defensiveness resulting from critical appraisal produces inferior performance.
5. Coaching should be a day-to-day, not a once a year, activity.
6. Mutual goal setting, not criticism, improves performance.
7. Interviews designed primarily to improve a man's performance should not at the same time weigh his salary or promotion in the balance.
8. Participation by the employee in the goal setting procedure helps produce favorable results.¹

Conclusions and Findings of the Second General Electric Study

The intensive year-long second study clearly indicated to General Electric that the Work Planning and Review discussions between a man and his manager were far more effective in improving job performance than was the concentrated annual performance appraisal program. In addition, the eight

¹Herbert H. Meyer, Emanuel Kay, and John R. P. French, Jr., "Split Roles in Performance Appraisal," Harvard Business Review (January-February, 1965), 126.

conclusions derived from the first study were confirmed.

The study also firmly reconfirmed that in general "comprehensive annual performance appraisals are of questionable value."¹ As far as motivating the subordinate to improve his performance, the evidence gathered by General Electric clearly indicated that praise tended to have no effect, and criticism brought on defensive reactions that were essentially denials of responsibility for a poor performance. (Of the 92 appraisees in the experimental group, the average subordinate reacted defensively about 54 per cent of the time when criticized.)

The Findings of the Third General Electric
Study and a Comparative Analysis of the
Original Conventional System with the
Work Planning and Review System

More recent studies, conducted in 1964 as a follow-up to the above experiments, indicated that interviews conducted under the work planning and review were strictly man-to-man in character, instead of the father-son flavor common to traditional methods. In other words, under the Work Planning and Review method, the manager was automatically cast in the role of counselor, whereas in the traditional performance appraisal interview, the manager is automatically in the role of judge.²

The Work Planning and Review approach that General Electric utilized is basic in concept to the third phase step

¹Ibid., 131.

²Ibid., 130.

in the appraisal evolution, and in many respects, is similar to the appraisal-by-results system which will be studied in the third chapter of this paper. Basically, the WP&R system differs from the traditional performance appraisal in the following ways:

1. There are more frequent discussions of performance.
2. There are no summary judgments or ratings made.
3. Salary action discussions are held separately.
4. The emphasis is on mutual goal planning and problem solving.¹

The General Electric studies tend to give substance to the proponents of a new appraisal approach and contradict conclusions previously drawn by Mayfield and other pro-conventional experts. Whether or not the General Electric approach will work in other environments, and over a long time period, has yet to be proven. However, the conclusions derived from the experiments add more impetus to the rapid accumulation of evidence pointing toward a need for a new appraisal approach.

¹Ibid.

CHAPTER III

APPRAISAL-BY-RESULTS--A NEW APPRAISAL PHILOSOPHY

Introduction

The topic of appraisal-by-results cannot be adequately discussed without first having an understanding of the functions and definitions of management-by-objectives. This understanding is necessary because management-by-objectives and appraisal-by-results go hand in hand and one concept cannot truly function effectively without the other. A discussion of management-by-objectives is included in Appendix A. This appendix has been provided to furnish the reader with a rather concise and clear analysis of the process of managing-by-objectives. Furthermore, this appendix defines the term, management-by-objectives, provides a brief historical development of its purposes, and outlines its basic concepts and procedures.

This chapter is devoted to an analysis of the concepts of management-by-objectives and appraisal-by-results and will examine in detail what many authors consider to be some of the more important advantages and weaknesses associated with these concepts. Also examined in this chapter will be the human behavioral assumptions which are considered by some authors to underlie the basic foundations of any appraisal-by-results system.

Management-by-Objectives

Koontz and O'Donnell state that management-by-objectives ". . . embraces the practice of setting near-term goals for an appropriate time and repeating this process indefinitely." The presumption of this concept is that the manager's continuous efforts to meet the established goals will force his current level of end products to a higher level of ideal or approved end products; at the same time, enabling him to contribute to the maintenance of the organizational charter. Koontz and O'Donnell further stated that: "Taken as a whole, the process becomes a supervisory technique: if records are kept, they will become the best evidence for subordinate appraisal whenever measurement is required!"¹

One author states that goals set under this system must be evaluated under the following terms:

1. Does the objective represent a sufficient task for the manager during the measuring period?
2. Is the objective a practical and attainable one?
3. Is the objective clearly stated in terms of the task? The measuring period? The method of measuring to be used?
4. Is the objective compatible with the company's plans for the period?²

Although the above areas are certainly necessary in order to effectively implement a management-by-objectives

¹Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (4th ed.; New York: McGraw-Hill Book Company, 1968), p. 485.

²McConkey, "Judging Managerial Performance," 364.

system, there are certain other premises which are necessary if appraisal-by-results is to be effectively employed. They are:

1. Succession of specific goals. The setting of short-run goals or objectives greatly aids achievement of long-run objectives. This not only aids the organization in conducting a periodic analysis and evaluation of its long-run objectives but aids in managerial appraisal by providing immediate performance feedback.

2. Freedom to act. Management-by-objectives implies and clearly establishes the need for managerial freedom to exercise initiative in obtaining organization objectives. At the same time, the freedom of action will enable the manager to function at his full potential, hopefully free of restrictive pressures and constraints. Therefore, any appraisal of his results should be an accurate and objective projection of his abilities and weaknesses.

3. Verifiable results. Certainly to avoid as much subjectiveness as possible in evaluating each subordinate manager's periodic progress in reaching organizational goals, objectives must be quantified to the greatest possible extent. This enables results to be compared with established targets with minimum questions over degree of accomplishment. It would seem apparent that this is one of the most important premises necessary to develop a realistic appraisal system. This does not preclude the implementation of qualitative goals to evaluate the accomplishment of agreed upon programs. A

more detailed discussion of the concept of establishing quantitative and qualitative goals will be taken up later in this chapter.

4. Personal accountability. Although maximum freedom must be given the subordinate manager to achieve his agreed-upon goals, responsibility must be pinpointed to enable top management to correct possible weak links within the organization that are preventing the attainment of goals. By establishing an absolute degree of accountability, the organization is able to accurately appraise a manager's performance within his area of responsibility.¹

Since appraisal-by-results is, of course, dependent upon the identification of clearly defined, mutually agreed upon, and readily verifiable objectives, it is easy to see that the implementation of such an appraisal system would not be probable unless management-by-objectives is being practiced within an organization. Having now described the functioning, concepts, procedures, and premises of management-by-objectives in Appendix A and above, the remainder of this chapter will be devoted to an analysis and description of the concept of appraisal-by-results.

Appraisal-by-Results System

Appraisal-by-results is defined for purposes of this paper as: An appraisal system which evaluates managers based upon their relative performance in accomplishing mutually

¹Koontz and O'Donnell, Principles of Management, pp. 485-487.

agreed upon objectives and goals. Under this system, the organization's goals and objectives, mutually agreed upon by subordinate and superior, become the target or the standard by which the subordinate is appraised. These individual targets are merged within the overall goals and objectives of the organization and represent both long and short-range goals.¹

Procedures for Establishing an Appraisal-by-Results System

The following steps or procedures are generally accepted by most proponents of a new appraisal system as being necessary for development of the processes of appraisal-by-results:

1. Superiors and subordinates must arrive at a clear, concise, and fair conception of the features and responsibilities of the subordinate's job. Preferably, this mutual conception of the subordinate's job description will lead to the development of a document defining the broad areas of the subordinate's responsibilities. This document should be developed by the subordinate in close co-ordination with the superior to allow for maximum flexibility and mutual agreement.² Most authors do not list this as the first step; however, this writer feels it has its place in the appraisal process.

¹Patton, "How to Appraise," 65.

²McGregor, "An Uneasy Look at Performance Appraisal," 91.

2. Superiors and subordinates must develop long and short-term goals. Ideally, these objectives are prepared and recommended by the subordinate and approved by the superior. McGregor stated that the superior should enter the process only after ". . . the subordinate has (a) done a good deal of thinking about his job, (b) made a careful assessment of his own strengths and weaknesses, and (c) formulated some specific plans to accomplish his goals."¹ Once the goals have been approved by the superior, ". . . they become the manager's directive of required action and standard against which he will be measured and rewarded or removed."² The process of goal formulation is continuous through the entire process, and each goal should be periodically analyzed to insure that the following criteria are being complied with: (1) The target should always be the result to be achieved and not the method of reaching a result (Methods should be left to the ingenuity of the subordinate.); (2) the target must be completely within the authority of the subordinate to achieve, and if the target is, in part, not within the scope of responsibility of the superior to delegate the needed additional authority to his subordinate, then the projected goal must be modified to overcome this defect; and (3) care must be taken to insure that the subordinate can always be held personally accountable

¹Ibid.

²McConkey, "Judging Managerial Performance," 365.

for the achievement or failure to meet goals without someone from another department being able to influence the results.¹

It is interesting to note that Koontz and O'Donnell depart somewhat from the more popular theory of the subordinate establishing performance goals, then meeting with the superior for mutual agreement in that they emphasize the superior establishing performance goals for each of his subordinates. They do imply, however, that a degree of understanding and cooperation has previously existed between the superior and subordinate. Nevertheless, throughout their chapter on managerial appraisal, the emphasis appears to be from top down.²

3. At the conclusion of some period of time, the subordinate will make an appraisal of his own accomplishments relative to the targets earlier established. After substantiating his achievement with factual data, an examination is made of the results by superior and subordinate. After a detailed examination of the results, the targets are re-evaluated, and specific results to be obtained in the forthcoming period are agreed upon.³ Again, Koontz and O'Donnell emphasize the superior as identifying desired results and then becoming aware of the satisfactory and

¹Koontz and O'Donnell, Principles of Management, p. 489.

²Ibid., 488-89.

³McGregor, "An Uneasy Look at Performance Appraisal," 91.

unsatisfactory elements of the subordinate's achievements. After an analysis of these results, the superior invites the subordinate to a conference to agree upon specific results to be obtained in the future period.¹ McConkey stated that an effective system ". . . should also provide for measurement of the manager's performance at interim periods within the total time allowed for accomplishment of the objective."²

Thus, the objectives strived for within this step remain basically unchanged from author to author, and only the concept of how these objectives will be obtained remain somewhat in contention. All indications are that a highly motivated manager, who has complete confidence in his superior, and a firm grasp of the concepts involved within the system, will continuously re-evaluate his performance and initiate meetings with his superiors. However, it must not be assumed that all managers possess this motivation and degree of initiative. Hence, there is room in the evaluation of this step for the three theories, leaving the final judgment, as to which concept is best, up to the superior, depending, of course, on his particular situation and personnel problem.

It should also be understood that the sole purpose of the system is to improve the goal congruence of the organization as a whole, and that the ultimate decision-making power

¹Koontz and O'Donnell, Principles of Management, pp. 488-89.

²McConkey, "Judging Managerial Performance," 365.

must still be concentrated at the top. All performance and objectives ultimately strive for one thing: the betterment of the organization within its assigned charter. McConkey is of the opinion that any attempts at establishing a management-by-results system in an organization should begin on a modest basis utilizing perhaps only one department as a model. Evaluation, or measuring periods, should be short, allowing for frequent appraisal and evaluation and keeping selected objectives relatively simple.¹ Most experts in the field of management are of the opinion that one of the primary criteria for establishment of such a system is the education of the managers involved. Not only must they be firmly behind the system, but they must thoroughly understand its concepts and objectives.

Qualifying and Quantifying Functional Tasks Associated with an Appraisal-by-Results System

Without exception, all authors reviewed by this writer, who were proponents of the new system, agreed that by setting up quantitative and qualitative tasks to be accomplished during a period, short-term objectives could be translated into longer term goals. Patton envisions executive responsibilities as including:

. . . (a) those that can be measured, such as sales, behind-schedule production, or credit losses, and (b) those that must be judged, made up of the intangibles that arise when an executive

¹Ibid., 368.

develops a new process, establishes a training program, improves the quality of engineering candidates, and the like.¹

One of the greatest problems facing the advocates of appraisal programs is the separation and distinction between staff and line functions. Because line-oriented senior managers have difficulty determining and setting realistic and measurable targets for staff members, the problem becomes even more acute.² It is generally agreed upon among experts that since the activities of line managers is of a tangible nature, they lend themselves to quantitative measuring. This is contrasted to the primarily qualitative measurement of staff managers. The difficulty of relating qualitative values to a realistic appraisal system has tended to render a vast number of managers immune from valid appraisal. However, it is considered that if a definition of quality can be mutually agreed upon, it is possible to apply qualitative measurements to them.³ McConkey stated further that there are three basic aspects to be considered when applying qualitative measurement to staff members: (1) cost of the activity, (2) consistency with company goals, and (3) contribution to company goals.⁴

¹Patton, "How to Appraise," 65-66.

²Ibid. 66

³McConkey, "Judging Managerial Performance," 369.

⁴Ibid.

Patton was of the opinion that the task of solving the qualification vs. quantification problem can be greatly reduced by first establishing quantitative goals of line managers, followed by a qualitative analysis of the supporting staff functions.¹

The following exhibit is an example of quantitative and qualitative measuring of typical management positions:²

Figure 1

Quantitative and Qualitative Measuring of
Typical Management Positions

Quantitative Measuring	Qualitative Measuring
Plant Manager	
<ol style="list-style-type: none"> 1. Complete construction and equipping of approved addition to new plant within cost of \$20,000. 2. Produce X number of Y products at Z costs. 3. Install and have operational approved XYZ packaging line. 	<ol style="list-style-type: none"> 1. Conduct monthly management development sessions for superintendents in techniques of standard cost program. 2. Select and train agreed upon cadre of supervisors for new Texas plant. 3. Install system for more effective expediting of "drop orders."
Corporate Controller	
<ol style="list-style-type: none"> 1. Reduce clerical accounting labor by \$100,000 by installation of electronic data processing equipment. 	<ol style="list-style-type: none"> 1. Install cost accounting system that can be used by supervisors for effective cost control at the first level.

¹Patton, "How to Appraise," 66.

²Patton gives another series of excellent examples of planned performance targets for the division manager, the director of personnel, and the director of manufacturing on 66-67 of his article "How to Appraise Executive Performance."

Figure 1--Continued

Quantitative Measuring	Qualitative Measuring
2. Reduce by seven days the time lag in preparation of standard cost follow-up reports.	2. Provide monthly investigation and analysis of budget variances.
3. Reduce by 25 per cent working cash required in bank deposits.	3. Install a standard cost program for XYZ product line.

Corporate Secretary

1. Reduce cost of shareholder mailing, decreasing the frequency and making more comprehensive.	1. Prepare program for welcoming and orienting new shareholders.
2. Complete all arrangements for annual meeting thirty days prior to meeting.	2. Prepare weekly analysis reports of changes in stock transfer books.
3. Hold cost of annual report printing to \$25,000.	3. Install central file system for official records.

Engineering Director

1. Complete construction and place boiler #2 on line.	1. Complete program for first echelon maintenance of company delivery trucks.
2. Re-engineer package line #10 to provide for one-hour surge facility.	2. Investigate feasibility of installing higher speed wrapping machines on line #2.
3. Complete rewiring of plant #6.	3. Undertake skill training sessions to upgrade technical abilities of instrumentation engineers.

Source: McConkey, "Judging Managerial Performance, 366-367.

Periodic Appraisal and Review of Results

Once goals and objectives have been qualified and quantified, a system of periodic appraisal and review must be established. Periodic appraisals are needed to provide instantaneous feedback to correct specific actions of an offending or undesirable nature when they occur. Doing so maximizes the teaching effects of the action with the resultant effect of increasing the subordinate's efficiency.¹ The annual review is designed to measure the overall efficiency of the subordinate at a given time and is a function of his overall proficiency. The periodic appraisal will greatly facilitate the preparation of the annual review.²

Like the annual review, the periodic appraisal should be measured against the targets previously established and can also contain specific quantitative elements such as accounting performance against revenue and expense budgets, sales performance against targets of volume, gross margin, and contribution to profit and sales expense. Such items as cost, quality, safety, and spoilage could form the basis for measuring manufacturing performance.³

Since the appraisal system will only be as good as the measures utilized to control its function, it is extremely

¹George S. Odiorne, Management Decisions by Objectives (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1969), p. 115.

²Koontz and O'Donnell, Principles of Management, pp. 490-96.

³Odiorne, Management Decisions by Objectives, p. 130.

important that management pay close attention to the implementation of periodic and annual reviews. Without a well planned and timely review system, communications between subordinate and superior will break down as a result of a lack of instantaneous feedback of information. Poorly planned or unrealistic goals will continue unchecked for periods longer than necessary. Good plans and objectives overcome by events will remain unmodified, possibly causing a loss of efficiency, profit, and time. Opportunity to make corrections at an appropriate time, affording maximum impact, will be lost, thus reducing managerial efficiency and valuable training benefits. Annual review and interviews will be made extremely difficult due to a lack of specific results to base a judgment of performance over an entire period.

Functional Evaluation and Performance Records

Once mutually agreed upon goals and objectives have been established as managerial performance targets, and functional tasks have been quantified and qualified, and a system of periodic and annual review established, it is time to reduce goals and the results of the review process into some type of written report. The style of the form will vary from organization to organization as a result of individual needs and preferences. Figures 2 and 3 provide excellent examples of the general nature of such records.

Fig. 2.--Manager's Functional Evaluation Report

Elements	Unsatisfactory	Fair	Good	Superior	Excellent
1. Organizing ability: Adherence to organization principles. Proper use of staff, service groups, and committees. Clarity of authority delegations.					
2. Planning ability: Clarity of objectives, policies, and premises.					
3. Controlling ability: Selection of critical points for control. Standards for measurement for completed plans. Ability to pin-point responsibility.					
4. Staffing ability: Skill in identifying managerial potential and selecting effective subordinate managers. Skill in training subordinates. Adequate provision for management succession.					
5. Directing ability: Skill in orienting, motivating, and guiding subordinates. Communication skill.					

6. Overall ability:
Quantify, quality, and timeliness
of output of group supervised.

Source: Koontz and O'Donnell, Principles of Management, pp. 498-99.

Fig. 3.--Manager's Performance Record

Sections one and four: Completed by superior.
Sections two and three: Completed by subordinate.

SECTION ONE				
Employee number	Employee name	Division/Location	Position code	Position title
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
Date of hire	Years in present job	Date to complete		
- - - - -	- - - - -	- - - - -		
SECTION TWO				
Objectives agreed to:	Results report	Evaluation (What did you do to affect results?)		
- - - - -	- - - - -	- - - - -		
Supervisor's comments:				
- - - - -				

Supervisor's comments

- SECTION THREE: Future Potential
1. Could you make a more significant contribution in another department?
Yes _____ No _____ Explain: _____
 2. What is your occupational goal?
 3. What do you consider your major development needs?
 4. Outline a specific plan for your development during the next five years.

2. Rank promotional alternatives, ready date, and replacement ready date.

3. Comments:

Source: Koontz and O'Donnell, Principles of Management, p. 499.

Figures 2 and 3 are only as valid as the quantitative and qualitative measurements on which they are based. Cursory treatment of these measurements only reintroduces into the system the subjective elements the system is attempting to overcome.

Certain Assumptions of Human Behavior Having Implications in a System of Appraisal-by-Results

Likert has stated that certain assumptions related to the field of human behavior are inherent in the system of appraisal-by-results. These assumptions are based on theories developed in the field of behavioral science, and as such, their validity should not be accepted as a proven fact. Like any newly-tried system, this system will, over the years, negate or cause a re-evaluation of many of these assumptions. These assumptions do, however, provide management with a check list of human characteristics which should aid top management in evaluation of whether the new system should be established. If top management does not consider these assumptions valid, then it could be a danger sign that the necessary top-level interest will not exist in the degree necessary to implement such a complex system. Likert's assumptions are as follows:

1. The quality of superior-subordinate relationship exerts a major influence on the behavior of subordinates and on all aspects of the organization's operation.
2. The relationship between the superior and his subordinates, which results in the best performance, is supportive in nature and contributes to the subordinate's sense of personal worth and importance. . . .

3. Subordinates seem to react unfavorably, at least in our society, to negative evaluations by their superior. (Some subordinates are so upset that they actually fail to hear the unfavorable appraisals and report that they do not know how they stand with their boss.)

4. People seem most willing and emotionally able to accept, and to examine, in a non-defensive manner, information about themselves and their behavior, including their inadequacies, when it is in the form of objective evidence.

5. People tend to respond positively to information suggesting potential improvements in their behavior when this information is conveyed in the friendly, supportive atmosphere of a small, well-established group in which they feel secure.

6. People seek to learn new and more effective ways of behaving only when they themselves recognize the inadequacies in their present behavior.

7. The extent of the individual's desire to learn better ways of behaving depends on how important he feels the situation is to him.

8. When an individual is motivated to improve and modify his behavior, it is essential that he receive prompt, accurate reports on the adequacy of his efforts.

9. Much of the learning needed for managerial development must occur at the intellectual, emotional, attitudinal, and behavioral levels.

10. Persons in hierarchical organizations generally recognize the power of the hierarchy and try to evoke favorable reactions from superiors who have influence in the hierarchy.

11. Participation in decisions in the small work group, under the leadership of a superior skilled in the process, is a particularly powerful method of training and achieving change.¹

Advantages Derived from Appraisal-by-Results

As a part of a management-by-objectives system, appraisal-by-results provides the user certain negative and positive advantages. The negative advantages result from the

¹Likert, "Motivational Approach to Management Development," 76-77.

avoidance of error commonly inherent in conventional systems of appraisal. Negative advantages are: avoidance of vagueness and avoidance of subjective evaluations. Positive advantages are: benefits to the firm, and benefits to the subordinate. The above four advantages, in addition to other recognized advantages, will now be discussed.

1. Avoidance of vagueness. By attempting to establish objectives and goals that can be clearly verifiable by qualitative and quantitative measurements, vagueness is reduced, thus eliminating misunderstanding and improving communication.¹

2. Avoidance of subjective evaluations. Subordinates dislike being evaluated on the basis of arbitrary and unverifiable conclusions. Appraisal by results provides the superior with the cold, hard facts required to justify a rating. The subordinate should know where he stands on the basis of his self appraisal of his performance. Thus, such would establish a clear path of understanding between superior and subordinate. This is not to say that the superior will take any great pleasure from a critical interview, but at least the results will be backed up by accurate, previously agreed upon facts.²

3. Benefits to the firm. Not only do the goals and objectives which were agreed upon form a firm basis for

¹Koontz and O'Donnell, Principles of Management, p. 491.

²Ibid., p. 492.

periodic and annual appraisal of the subordinate's performance, but their attainment will be of great benefit to the organization. Thus, the organization is provided with a tool that enables it to train and appraise its managers as well as develop organizational goal congruence.¹

4. Benefits to the subordinate. Appraisal-by-results enables the subordinate to be aware of where he stands in the organization at all times. He is able to accurately identify his weaknesses in terms of conciseness which lends itself to correction. This system brings out the best qualities of initiative and judgment in the manager, and in that respect is a tremendous training vehicle for management at all levels. By being able to participate in the formulation of objectives and goals, the subordinate suddenly becomes an important cog in what could easily have been an impersonal machine. Participation, and the resultant ego satisfying, will greatly improve managerial morale at all levels with the hopeful result of improved organizational profits and returns.

5. Appraisal-by-results provides an emphasis on the future rather than the past. It "becomes a means to a constructive end."²

6. Appraisal-by-results aids in the identification and prevention of managerial obsolescence. This advantage is basically a combination of the results attained from the above

¹Ibid.

²McGregor, "An Uneasy Look at Performance Appraisal," 92.

advantages. Obsolescence of managers is a serious problem of management and occurs when a once capable manager can no longer achieve the results which are expected of him.

Management-by-objectives and appraisal-by-results jointly applies the pressure necessary to enable an individual to perform at his maximum potential and recognize his own creeping obsolescence. At the same time, the system will enable the organization to pinpoint obsolescence and take corrective action to eliminate it.¹

Weaknesses Common to any Appraisal System, and
Weaknesses Found Common to a Management-
by-Results Appraisal System

No administrative system is without faults and inherent weaknesses, and this is applicable as well for appraisal-by-results. The weaknesses listed in this section will include those pitfalls that will be found in any appraisal system, as well as those peculiar to appraisal-by-results.

Weaknesses Found in any Appraisal System

1. Vague standards will cause two main flaws in any system: (a) the halo effect, and (b) the hypercritical or "horns" effect.²

a. The Halo Effect. The aspect of stereotyping and evaluating the source. A superior who is guilty of the halo

¹For an excellent discussion of managerial obsolescence read: Walter R. Mahler's article "Every Company's Problem: Managerial Obsolescence," Executive Leadership, 369-74.

²Odiorne, Management by Objectives, pp. 177-180.

effect will fail to make appropriate discriminations between the good and bad that may be intermixed within a single person. This superior will ignore the greys and react in black and white.¹ Common causes can be:

(1) Effect of past record. A man does a good job in the past, particularly if it is a pet project of the superior, and this good work carries over in the present rating period.

(2) Compatibility. It is a common tendency for a superior to rate a subordinate whom he likes and finds personally pleasing higher than an individual who he may not particularly care for.

(3) Effect of recency. A superior is likely to remember a recent good act than a bad one which may have occurred some time in the past.

(4) The one-asset man. An individual possessing such irrelevant attributes as graduating from the supervisor's alma mater, having an impressive appearance, or being a glib talker.

(5) The blind spot effect. In this case, the superior may fail to see a subordinate's weaknesses because they are like his own.

(6) The high-potential effect. There is a common tendency among appraisers to evaluate individuals on their past records in other organizations rather than what he has done in his own organization.

(7) The no-complaints bias. The old adage "no news is good news" applies here. In this case, the silent dud is

¹Sayles and Strauss, Human Behavior in Organizations, p. 241.

likely to be rated higher than the individual who persistently bothers the superior to get the job done.¹

b. The hypercritical or "horns" effect. This flaw is the reverse of the "halo" effect. A superior possessing this fault will rate people lower than circumstances may justify.² The following are some specific causes of this effect:

(1) The superior is a perfectionist. As a result of overly high expectations, this superior will be disappointed in the subordinate's performance and will rate him low.

(2) The subordinate is contrary. In this instance, a superior will vent his irritation at a subordinate who disagrees with his ideas by rating him lower than is warranted.

(3) The "odd-ball" effect. Many superiors unintentionally or intentionally rate the non-conformist lower just because he is different.

(4) Membership in a weak team. A good worker in a weak division is likely to end up rated lower than if he were in a better division.

(5) The "guilt-by-association" effect. In all too many cases, a man is judged by the company he keeps. If his company is rated as unfavorable by his superior, he is likely to receive a lower rating.

(6) The dramatic-incident effect. A recent mistake can undo years of hard work, resulting in a low mark in his most recent appraisal.

¹Odiorne, Management by Objectives, pp. 177-178.

²Ibid., pp. 178-79.

(7) The personality-trait effect. A man who possesses traits that the boss associates with poor performance is likely to be rated low. (See Appendix B, Figure 14.)

(8) The self-comparison effect. The superior may compare the way a subordinate is performing a job with the way he performed it when he had the job. If the superior feels the subordinate is doing a poorer job, he is likely to reflect it in lower appraisal marks.¹

2. In large organizations, many appraisals are made by superiors who have limited contact with the subordinate. This is aggravated by large turnovers due to transfers, promotions, and retirement. Thus, many ratings are made based on insufficient information and limited observations.²

Weaknesses Common to the Appraisal-by-Results System

1. Since appraisal-by-results deals only with performance on the present job, a separate appraisal must be made to identify potential.³

2. Appraisal-by-results relies heavily on the assumption that the subordinate and superior will work together in the establishment of mutually agreeable goals and objectives.⁴

¹Ibid.

²Ibid., p. 179.

³Ibid., p. 180. For an excellent coverage of assessing potential, the reading of pages 189-98 is recommended.

⁴Odiorne, Management by Objectives, p. 180.

3. Relating to the above limitation, or potential limitation, it must also be considered that the other ten human assumptions listed by Likert will also pose a certain threat as a result of their uncertainty.¹

4. The fact that the system stresses results indicates that there could be a strong tendency to neglect the methods of achieving them.²

5. Appraisal-by-results makes the assumption that the nature of the system will discourage a superior from playing God. This again relies so heavily on human behavior as to render it in the area of uncertainty.

6. It is assumed that the superior and subordinate will correctly identify and correct the causes of poor performance. Failure to identify the causes of poor performance can mean failure for an organization. In an area as complex as management, this is not an easy task.³

7. Perhaps one of the greatest limitations of this system is the time involved to insure its success. The ability required to identify long-range and short-range goals, coordinate their attainment at all levels of the organization, and conduct useful and productive interviews is not a common virtue. Managers are busy, especially superior managers, and it would be very easy to pass the responsibility for managing-by results to a lower level. Once this is done, the system is

¹Supra, pp. 46-47.

²Odiorne, Management by Objectives, p. 180.

³Koontz and O'Donnell, Principles of Management, p. 493.

well on its way to self-destruction.¹

8. Barrett was of the opinion that only part of an individual's output or results can be measured in objective terms, and further, much of what he can be effectively measured against is beyond his control. Such unquantifiable elements as: richness of his territory, work of predecessors, nature of competition, padding or overselling to look good, and excessive time demands on superiors, are factors which cannot be measured by results alone. This would strongly tend to indicate that although appraisal-by-results is important, it should not stand alone in attempting to tell the whole story of an individual's performance.² There is, however, much evidence indicating that implementation of management information systems in industry could possibly reduce or minimize this particular weakness.³

9. When products are not available for evaluation, it is felt by some authors that the rater would perhaps be better off rating the subordinate on how he goes about accomplishing his job rather than what he produces. Although job performance characteristics such as: helps others, works accurately, and attacks problems systematically, are not as objective as results, they are rateable and important.⁴

¹Ibid. ²Barrett, Performance Rating, p. 35.

³Supra, p. 16.

⁴Barrett, Performance Rating, pp. 34-36.

10. An appraisal-by-results system in a management-by-objectives environment will be continuously faced with the problems of interdependence of goals and the need to avoid sacrificing old gains at the expense of new gains.

11. Establishment of goals is often difficult and inaccurate. A great amount of judgment is involved in avoiding the setting of goals too tight or too loose. General and intangible types of work such as that in a personnel department are difficult to measure. Comparative ratings of various departments are equally difficult to establish. The measures selected for performance evaluation may be a reflection of what is easy to measure rather than what may be the true criteria of effective performance. An overemphasis on goals or items being measured could lead departments into a trap of concentrating on just those items being measured, therefore, being dysfunctional to organizational goal congruence. Other evils which should be considered when measurable goals are established for results are: inefficient scheduling of work, emphasis on the short-run rather than the long-run, covering-up by adjusting reported results, and impaired teamwork as a result of overemphasis on individual performance. Establishment and overdependence of goals sometimes reduces the discretion of the immediate superior, since his job becomes more mechanical rather than functional.¹

¹Sayles and Strauss, Human Behavior in Organizations, pp. 380-84.

A Unification of a Conventional Appraisal System with an Appraisal-by-Results System: A Combination Approach

Before departing from this chapter, an examination has been made of the complexities that high-level management must consider if there is an attempt to be made to combine appraisal-by-results with systems depending on personality and performance characteristics as a rating criteria. The weaknesses of the appraisal-by-results system, coupled with a hesitancy to eliminate completely systems already in effect, might give rise to a combination approach to appraisal.

The relationships between personality traits, performance characteristics, and results can be exceedingly complex. For example: One man may have the personality traits of ambition, prudence, and loyalty; works hard for the organization, and achieves good results. Another man may also possess the traits of ambition and prudence, but his loyalty may be to himself. In this case, he works hard for himself, and the result is good output. Taking a third man, also with ambition and loyalty to self, but who is imprudent, we find him working hard for himself but disrupting the organization, and, thus causing low output and poor results.¹ Therefore, the attempt to measure any one personality trait or performance characteristic by itself would be completely misleading (i.e., giving all three men equally high marks in ambition, or basing loyalty on the results of the first and second man). Although simplified, this discussion shows some of the complexities involved in a combination approach.

¹Barrett, Performance Rating, pp. 34-35.

Although results are a strong indicator of performance, they should not be the sole basis of evaluation. Likewise, many combinations of different personality traits may produce good results, and some of those same traits, in combination with others, may produce bad results. The fact that a man is rated high in "personal relations" is valueless to an organization if the results he achieves are poor. Conversely, an unfriendly man may be a hard worker and produce good results.

Regardless of what system is used--conventional, appraisal-by-results, or combination methods, the following quote is a worthwhile consideration:

The ideal rater, who observes and evaluates what is important and reports his judgments without bias or appreciable error, does not exist; or if he does, no one knows how to distinguish him from his least talented colleagues. But, since human judgment must be used, those who will give the most useful ratings should be identified, and the judgments relied on.¹

¹Ibid., p. 99.

CHAPTER IV

THE MARINE CORPS APPRAISAL SYSTEM: AN ANALYSIS

Introduction

In this chapter, an in-depth analysis has been made of the present Marine Corps appraisal system, referred to in the Marine Corps as the "fitness report system." It is in this chapter that the subsidiary research questions 2, 3 and 4 will be responded to directly. This chapter also contains a review and analysis of the objectives of the Marine Corps appraisal system. An examination will also be made of weaknesses commonly associated with the Marine Corps appraisal system and its value as a management tool.

In order that this thesis can provide the reader with the most current developments within the Marine Corps appraisal system, this writer will conclude this chapter with a detailed overview of the newly proposed Marine Corps automated source data appraisal system. Although this system is still in the draft stage it is anticipated that final implementation of the new system will take place sometime during fiscal year 1972.¹

¹Major William R. Etnyre, "Appraisal's Role in Marine Corps Career Management," (unpublished Master Thesis, The George Washington University, Washington, D.C., 1965), 17-37. This thesis is recommended for reading by anyone who is interested in another detailed treatment of the historical evolution of rating systems in the Marine Corps and other services.

Background of the Marine Corps Appraisal System

The Marine Corps has been relying on the formal fitness report as a means of evaluating its officer personnel since 1891. Navy Regulation Circular No. 86, September 10, 1891, required the Marine Corps to utilize the Navy's career appraisal methods and Navy's Form B as an appraisal format. Under this system, a scale of adjectives were utilized to describe the officer's professional ability, attention to duty, general conduct, sobriety, health, and so forth. The Marine Corps appraisal system vacillated back and forth from adjective rating scales to numerical rating scales, with only minor alterations until the mid-1920's when a form of the Army's appraisal system was developed. This system relied on the character trait adjective rating scale and remained in effect, with minor changes, until July 13, 1950. In 1950, the Marine Corps made an attempt at a new forced rating system designed to give more validity to the distribution of marks. This system was wordy, complex, excessively lengthy and was found to be completely unsuitable. As a result, this appraisal system was abandoned in 1952. In 1952, the Marine Corps again returned to a streamlined version of the 1920 fitness report which, with modifications, is being utilized by the Marine Corps today.¹

¹See Figure 4, p. 61.

OFFICER FITNESS REPORT--U.S. MARINE CORPS

NAJFC 1, 147 RE (Rev. 4-63)
(SUPER LINES 2-57 AND 4-51 EDITIONS WHICH WILL BE USED)

SECTION A

EMBOSSED PLATE IMPRESSION (Name, Grade, Service No., MOS's)

EMBOSSED PLATE IMPRESSION (Organization)

*1. NAME (Last) (First) (Middle initial) GRADE SERVICE NO.

USMC

*2. ORGANIZATION

*3. PRIMARY MOS

ADDITIONAL MOS's

4. OCCASION FOR THIS REPORT (Check appropriate box)



SEMIANNUAL

DETACHMENT OF OFFICER REPORTED ON
(Enter unit or station to which detached, below)CHANGE OF REPORTING
SENIORCONCURRENT
REPORT

OTHER (Explain below)

5. PERIOD COVERED: FROM (Day, month, year) TO (Day, month, year) MONTHS

6. PERIODS OF NONAVAILABILITY (30 DAYS OR MORE) (Explain)

7. DUTY ASSIGNMENTS DURING PERIOD COVERED: A. REGULAR (Dates, descriptive title, and duty MOS)

B. ADDITIONAL (Descriptive title and number of months)

MARKSMANSHIP QUALIFICATIONS
(Lieutenants and Captains)

8. WIFE'S ADDRESS

9. AGE, RELATIONSHIP OF DEPENDENTS REQUIRING TRANSPORTATION

10. OFFICER'S PREFERENCE FOR NEXT ASSIGNMENT (1st choice)

(2nd choice)

(3d choice)

SIGNATURE OF OFFICER REPORTED ON

DATE

SECTION B (To be completed by reporting senior)

11. NAME AND GRADE OF REPORTING SENIOR

12. DUTY ASSIGNMENT

US

13. RECOMMENDATIONS FOR OFFICER'S NEXT DUTY ASSIGNMENT

14. DURING THE PERIOD COVERED BY THIS REPORT—

(a) Has the work of this officer been reported on in a commendatory way?

YES

NO



(b) Has the work of this officer been reported adversely?



(c) Was this officer the subject of any disciplinary action that should be included on his record?



If YES in (a), (b), or (c), and a report has NOT been submitted to the CMC, attach separate statement of nature and attendant circumstances. If a report has been submitted to the CMC, reference such report below:

15. A. ENTRIES ON THIS REPORT ARE BASED ON (Check appropriate box)

DAILY CONTACT AND CLOSE OBSERVATION
OF THIS OFFICER'S WORKFREQUENT OBSERVATIONS
OF THIS OFFICER'S WORKINFREQUENT OBSERVATIONS
OF THIS OFFICER'S WORK

15. B. TO BE COMPLETED ON ORGANIZED RESERVE OFFICERS

ATTENDED _____ OF _____ SCHEDULED DRILLS

* If embossed plate impression is used, do not complete Items 1, 2, and 3.

[illegible][illegible]

☐ PARTICULARLY
DESIRE TO HAVE?

OUTSTANDING

[illegible][illegible]

SECTION D (To be completed by reporting senior in pen and ink.) Record in this space a concise appraisal of the professional character of the officer reported on.
(This space must not be left blank.)

☐ I HAVE ATTACHED A STATEMENT

(Date)

US

INITIALS

An Analysis of the Marine Corps Fitness
Report System

Purposes of the Marine Corps Fitness Report

The Marine Corps fitness report is considered by the Marine Corps to be one of the most important records of the officer's performance of duty and professional qualifications. At present, this appraisal instrument serves three purposes:

1. The fitness report provides the Marine Corps with a continuous record of the officer's service with the Marine Corps.
2. The fitness report is vital in determining assignment to duty by officer assignment monitors.
3. The fitness report is vital in determining an officer's qualification for promotion to the next higher grade.¹

The fitness report also provides special boards with information necessary to consider officers for assignment to higher level military schooling and special or advanced schooling at civilian colleges and universities.

Requirements for the Preparation and Submission
of the Marine Corps Fitness Report

Fitness reports are submitted on all officers on a semi-annual basis. In addition, reports are prepared and submitted when: (1) the officer is transferred or detached, (2) upon changes in the individual's reporting senior (that

¹U.S., Marine Corps, "Instructions for Preparation of Officer and Noncommissioned Officer Fitness Reports," Marine Corps Order 1610.7, Change 2, June 11, 1968.

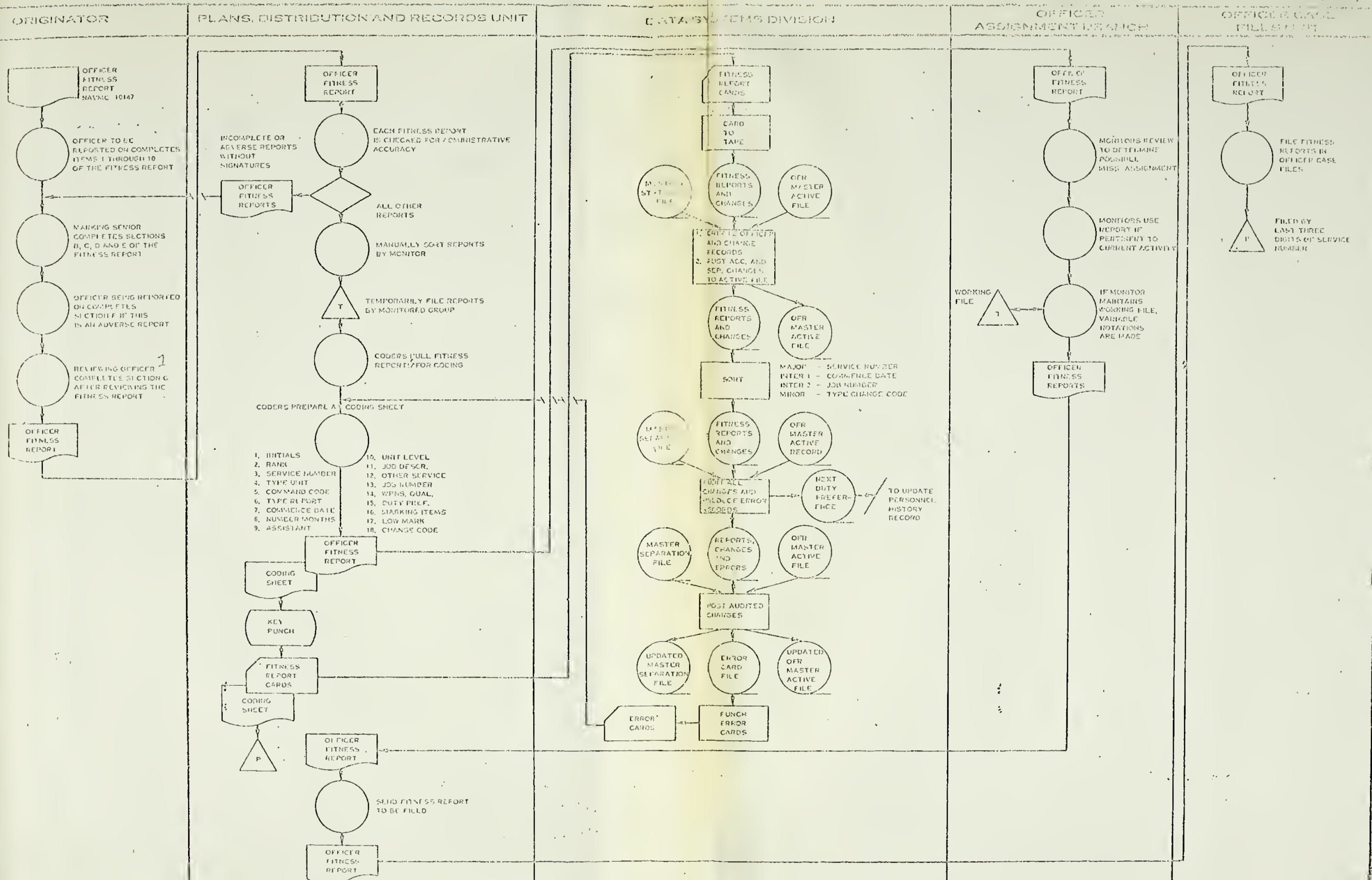
officer in the chain of command who is the ratee's supervising officer), and (3) when the officer is assigned temporary duty and other prolonged or extensive training periods. The above represents only the more significant events which require fitness report submission. Eight other special events require the submission of fitness reports on officer personnel.¹ A recent study revealed that an average of four fitness reports are prepared annually for each individual in the Marine Corps.¹

Design of the Marine Corps Fitness Report

The present Marine Corps fitness report is a modified graphic appraisal system which consists of thirteen specific character traits, seven general categories, and two overall categories (Figure 4). Officer performance is evaluated against these criteria on an observed basis during the rating period. In addition, a section of the fitness report is reserved for the reporting senior to write his own concise appraisal of the professional character of the officer being reported on. Section 19(b) of this report provides a basis of comparative analysis of other officers reported on during the same period by the same reporting senior. The fitness report is the only formal document prepared on a scheduled basis for the appraisal of officer performance. Figure 5 on

¹United States Marine Corps, "Analysis of Feasibility and General Systems Design of a Source Data Automated Officers Fitness Report," prepared by Booze, Allen, & Hamilton, Inc. February, 1967, p. 1. A study of the feasibility of a source data automated fitness report system for the U.S. Marine Corps, Contract Number 73609 of June 22, 1966. A report intended solely for the information of the U.S. Marine Corps.

Fig. 5.--FLOW CHART OF CURRENT OFFICER FITNESS REPORTING SYSTEM



The reviewing officer is next officer senior to the rated subordinate's senior officer (Marking Senior). This reviewing officer is normally always the subordinate's marking senior's rater, and in the same chain of command (hierarchy).

Source: Booz, Allen & Hamilton, Inc., "Analysis of Feasibility and General Systems Design," Exhibit II(1).

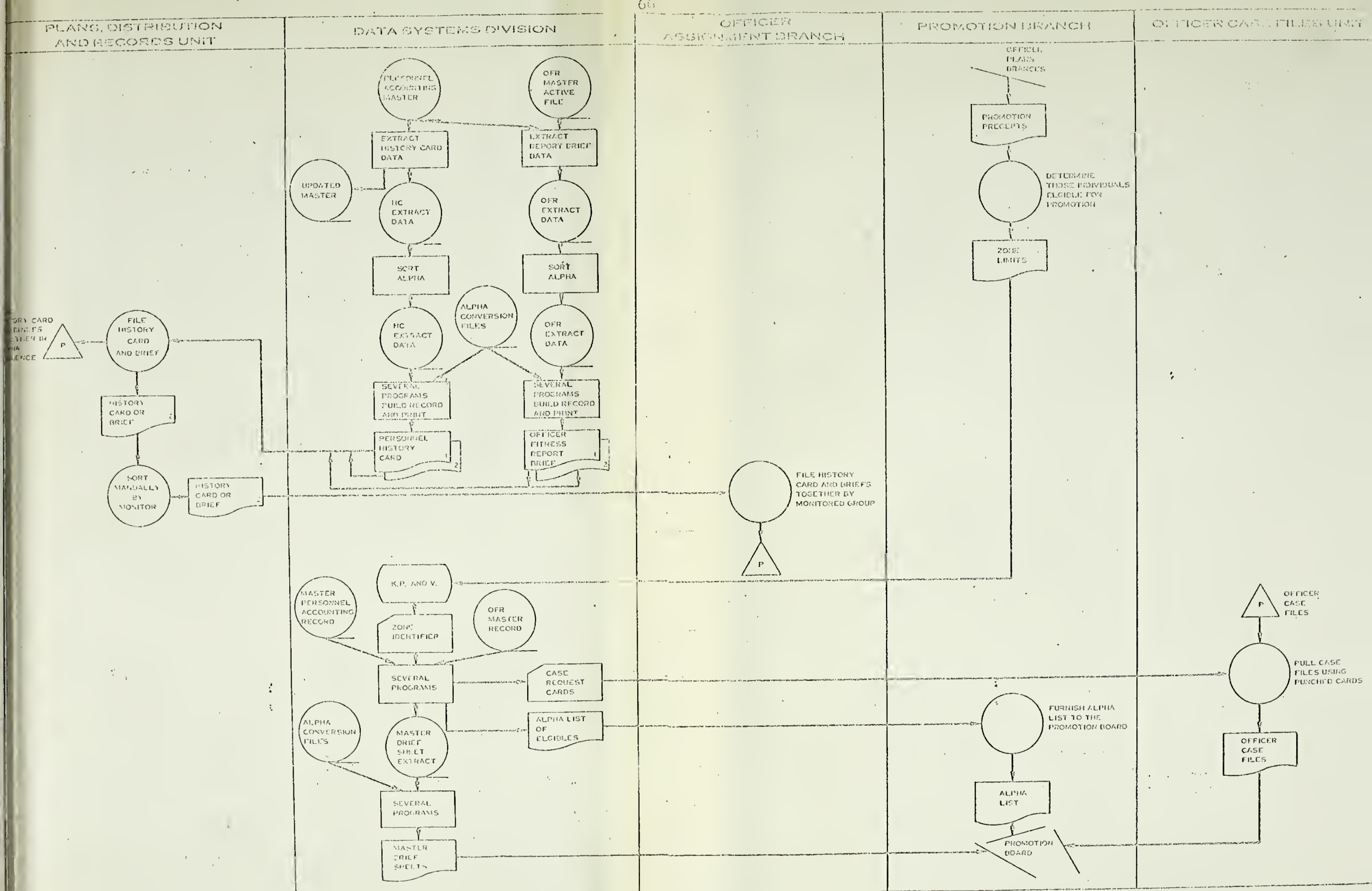


Fig. 5.--continued

the preceding page illustrates the flow process of the Marine Corps officer fitness report as it progresses from the originator to final filing.

An Analysis of the Marine Officer's Fitness Report System of Procedure

The fitness report system presently in use was partially automated in 1963 by means of selectively coding data for entry into a computer file by punch card. The system output included an officer fitness report brief for use by the officer assignment monitors (Appendix B, Figures 1 and 2), and for use in a master brief sheet for selection boards (Appendix B, Figure 3). Of the twenty-two categories an officer is evaluated against, three are included in the automated system. They are: (1) regular duties (Figure 4, item 16(b)), (2) desirability (Figure 4, item 18), and (3) "general value to the service" (Figure 4, item 19(a)). Average marks of the twenty-two rated areas are not presently included nor is the distribution of marks (Figure 4, item 19(b)). The above three rated areas do appear on the assignment sheet (Appendix B, Figure 1), and the master brief sheet (Appendix B, Figure 3).

Although the information provided by the system to the assignment monitors, promotion boards, and other special boards was considered of great value, additional and sometimes equally pertinent information such as marks of other rated areas and the comparative distribution of marks given other

officers of the same grade must be obtained and computed manually.¹

The entry of the officer fitness report information into the present appraisal system is accomplished by two manual processing steps. The first step involves the transcribing of data from the fitness report to a coding sheet (Appendix B, Figure 4). The second step involves a transferring of data by means of a keypunch from the coding sheet onto punched cards, thus providing input into a NCR 304 computer at Headquarters, United States Marine Corps. As a result of the manual processing of this information, much inaccurate information was introduced into the system causing the Marine Corps many wasted man-hours in the validation of the information contained in the computer files.²

Weaknesses and Problems Commonly Associated with the Marine Corps Fitness Report System

Insomuch as the new proposed source data automated fitness reporting system, discussed at the end of this chapter, is not designed to make any significant changes in the current system, this writer will continue the analysis under the assumption that weaknesses existing under the present system will continue under the new Source Data Automated system when implemented.

¹Colonel R. R. Dickey, Section Head, Automated Fitness Report Section (DFR), Headquarters, U.S. Marine Corps, private interview held on January 30, 1970.

²Ibid.

Since the current system is a modified graphical, conventional approach to appraisal, there is strong evidence indicating that weaknesses common to all conventional systems,¹ and weakness common to any system,² are also present in the Marine Corps system. Therefore, a detailed relisting of these deficiencies would be repetitious.

A recent study in which thirty-six colonel and general grade officers were interviewed revealed the following deficiencies as being the most prominent associated with the Marine Corps system:

1. Use of objective appraisal measures was limited.
2. Trend of grades was to the outstanding side of the marking scale.
3. Range of traits to be graded was too extensive.
4. Definition of traits to be graded was found to vary widely.³

A quick review of the second and third chapters of this paper will show that the above deficiencies are widely recognized criticisms of conventional appraisal methods and certainly are not unique to the Marine Corps system.

Before proceeding further with an analysis of the weaknesses of the system, one point must be made perfectly clear: The primary purposes of the Marine Corps fitness

¹See supra, pp. 19-22.

²See supra, pp. 50-53.

³U.S. Marine Corps, "Feasibility Study Application of Performance Standards Techniques in Senior Marine Corps Billets," prepared by Booze, Allen & Hamilton, Inc., February, 1968, 21.

report are: (1) to aid in the selection of officers to the next higher rank, and (2) to aid in the assignment of officers.¹ There is no expressed or implied intent to use the fitness report as a management development tool. On the contrary, the Marine Corps specifically states: "A completed fitness report will not be shown to the individual reported on unless the report is adverse or marginal"2

Instead, the Marine Corps considers that informing an individual of his overall performance of duty is an inherent part of the reporting senior's leadership function. And further, that the fitness report could serve as a timely reminder to the reporting senior that all individuals, regardless of their marks, should be counseled concerning their performance of duty.³

An understanding of the basic philosophy behind the fitness report--that is, to serve Headquarters, Marine Corps and not the individual--will explain the continued reliance on the subjective conventional system. There is little doubt, however, that the current system and the newly proposed Source Data Automated system lend themselves well to computerization and the resultant ease in writing and processing.

¹United States Marine Corps, Marine Corps Order 1610.7 of June 11, 1968.

²Ibid., 13-14.

³Ibid., 14.

The Problem of Inflated Markings found in the
Marine Corps Fitness Reporting System

Perhaps one of the most common criticisms of the Marine Corps system has been the age-old problem of inflated marks. The policy of the "no show" fitness report began on July 15, 1960, in order to curb inflationary marking by eliminating pressure placed on reporting seniors who previously had to show fitness reports to all individuals. The following table is a percentage tabulation of item 19(a) "General Value to the Service," showing first the distribution percentage of outstanding marks by rank, and second, the distribution of excellent to outstanding marks by rank. The fiscal year 1969 marks were computed as of October 8, 1969, and, therefore, represent a fairly recent analysis covering a significant period of time, including the full commitment to the Vietnam war.

Although figures were not made available on the other twenty-one marking characteristics, personal interview and analysis indicates that trends indicated in Table 1 apply to the other rated areas. In those areas, the distribution percentage of markings is once again creeping upward.¹

¹Mr. Edward A. Dover, Research Psychologist, Manpower Measurement Section of the Personnel Research Branch, Headquarters, United States Marine Corps (A01B), personal interview held February 6, 1970.

TABLE 1

DISTRIBUTION BY PERCENTAGE OF "GENERAL VALUE
TO THE SERVICE" ITEM 19(a) BY RANK

Rank	FY-59 (before "no show")	FY-61 (after "no show")	FY-69 (now)
------	-----------------------------	----------------------------	----------------

Outstanding Marks by Percentage

Colonel	84	50	39
Lt. Colonel	66	31	31
Major	50	22	21
Captain	28	10	12
First Lt.	17	4	7
2d Lieutenant	4	2	4

Excellent/Outstanding Marks by Percentage

Colonel	15	29	37
Lt. Colonel	27	38	38
Major	38	39	37
Captain	47	32	33
1st Lieutenant	41	24	25
2d Lieutenant	22	10	18

Source: U.S. Marine Corps, Manpower Measurement
Section of Personnel Research Branch, Headquarters, U.S. Marine
Corps. Validity date, October 8, 1969.

TABLE 2

PERCENTAGE RECEIVING EXCELLENT/OUTSTANDING OR HIGHER
"GENERAL VALUE TO SERVICE MARKING" ITEM 19(a)

Rank	Before 1959	Now
Colonel	99	76
Lieutenant Colonel	93	69
Major	88	58
Captain	75	45
First Lieutenant	58	32
Second Lieutenant	26	22

Source: U.S. Marine Corps, Manpower Measurement Section of Personnel Research Branch, Headquarters, United States Marine Corps. Validity date, October 8, 1969.

The percentages shown in Table 2 indicate an inflationary tendency, particularly among the ranks of Major and above. Considering the definition of "Excellent": "Exceptionally efficient; qualified to a degree seldom achieved by others of his grade,"¹ it is easy to see that 45 per cent of all Captains, 58 per cent of all Majors, 69 per cent of all Lieutenant Colonels, and 76 per cent of the Colonels are being evaluated within a category even higher than that definition. This certainly tends to overextend the definition of "Excellent."

Nevertheless, discussion with monitors and high ranking officers, who have been members of promotion boards and special boards, all reveal the present system, though not perfect, does fulfill the needs of the Marine Corps. This

¹Marine Corps Order 1610.7, p. 12.

would appear valid since promotion boards also consider such items as civilian education, military experience, military education, performance while attending various schools, age, and combat record, in addition to the officer's performance record. Therefore, it is unlikely that even if 58 per cent of all Majors being considered for promotion had excellent/outstanding records, that the other factors listed above would be equal as well.

As far as monitors are concerned, the problem has not been so much the information provided by fitness reports, but the sheer volume of officers one man must handle. At present, the infantry monitor, one Major, handles some 4,000 officer assignments.¹

The Problems Associated with the Utilization of Trait Evaluation in the Marine Corps Fitness Report System

As was mentioned earlier in this chapter, the use of the thirteen traits under item 17 presents the Marine Corps with a relative concise, and easy method of evaluating the "whole" officer and does lend itself to rapid and easy input processing for use in an automated system. Experience over the years in both industry and the military has rather adequately

¹Major William Keyes, Ground Officer Monitor, Assignment and Classification Branch, Personnel Department, Headquarters, Marine Corps, private interview held on February 6, 1970. Also previous discussions with Colonel R. R. Dickey, January, 1970; Major R. A. Crabtree (deceased), March, 1967; Major T. H. Hemingway, June, 1967, previous Ground Officer monitors.

revealed that very seldom does more than one individual agree on a definition of any one so-called character trait. It is doubtful that there would be much argument to the fact that Stryker's experience with the 150 business executives, and their lack of agreement on the term "dependability," would not apply to Marine Corps raters as well.¹

Another factor directly bearing on the problem, other than semantic differences, and a lack of consensus about the meaning of the various terms used in trait ratings, is the ability of the rater to evaluate or judge a subordinate by the use of traits. Extensive studies conducted by G. W. Allport, Kanner, Cozan, Thorndike, Dymond, Hanks, Mead, Sullivan, Cotrell, and others have revealed that there is a close relationship between the ability of the rater to judge a subordinate and the rater's: intelligence, emotional stability, self-insight, and social relationship. Thus, some of the prerequisites necessary for a rater to be a good judge of character are: higher intelligence, a stable emotional adjustment, self-insight (persons rate others better on those personal traits they possess and perceive), and social detachment from those they are rating.²

Another problem to be faced with the use of traits is the sheer number available for choice. One study turned up

¹See *supra*, p. 20.

²Whisler and Harper, *Performance Appraisal*, pp. 28-52.

some 300 individual traits against which an individual could be rated.¹ Thus, the determination that the thirteen character traits utilized by the Marine Corps is all-inclusive, or even remotely inclusive, of the traits desired of a military officer appears to be an arbitrary decision.

Actually, of the thirteen listed traits only "personal appearance" is capable of evaluation based on objective fact. And, even the objectivity of this trait could be overcome by either the "halo" or "horns" effect.²

The term "loyalty" is another questionable trait. It is commonly known throughout the Marine Corps that either an officer is loyal or not loyal with very little room to be rated in between.

The relationship of personality traits to performance³ should indicate to the reader that a person could be high or low in any one trait, or combination of traits, and still perform extremely well or extremely poor. The relationship between traits and performance is extremely complex, and to be reasonably accurate, should be based on measurable performance results.

The Marine Corps Fitness Report and
its Value as a Management Tool

Currently, the Marine Corps fitness report is not utilized as a management tool and is not reviewed by the

¹Ibid., p. 194.

²See *supra*, pp. 50-52.

³See *supra*, pp. 57-58.

subordinate except in cases of unsatisfactory or marginal performance. The fitness report does not, therefore, provide timely feedback to the subordinate of his performance and is seldom used as a basis for counseling and development.

In the opinion of many authorities, this is one of the most serious weaknesses of the conventional appraisal system and would, therefore, be applicable to the Marine Corps. It would appear that this weakness would have particular impact among company grade officers (Captains and Lieutenants). It is among the company grade officers who are in the beginning throes of their career development that counseling on observed weaknesses would be of particular value. For it is during this formulative and sometimes indecisive period of a man's life that habits and ideals are developed that will likely always be present. It is doubtful that anyone is born a leader; thus, it is during the initial periods of service that leadership habits and traits will be developed and later perfected. The young officer follows the example and guidance of his more experienced seniors. Performance during the initial years is likely to be shaky, and many mistakes will be made, particularly in the handling of subordinates. Unless guidance is furnished the young officer based on his observed performance, bad habits recorded on a fitness report form, but not communicated to the officer, are likely never to be corrected. Under such a system, the individual who is harmed is not the marginal or unsatisfactory officer, for he knows where he stands--but the average officer. The average officer

under the present system is likely to be that officer receiving excellent marks or lower. (See Table 2.)

Not only is the average company grade officer not likely to know where he stands, but he is likely to continue to make the same mistakes from one reporting senior to the next; therefore, a vicious cycle repeats itself over and over again.

Some actual examples of "average" fitness reports on four officers--one Lieutenant, two Captains, and one Major--are vivid evidence of what an average report looks like. (See Appendix B, Figures 5, 6, 7, and 8.) None of these reports were signed in Section F by the officer reported on. Therefore, there is no evidence to indicate that any of these officers were made aware of their low marks and deficiencies. Obviously, all four were likely to have been seriously hurt career-wise by these reports.

Utilizing the fitness report as a management tool for counseling subordinates is met with as many different opinions in the Marine Corps as is found among civilian experts.¹ There is a certain fear of again requiring a "show of fitness reports" among many in the Marine Corps.² The reasons for this fear are many, and in many respects are valid. Some of the more popular fears are:

¹See supra, pp. 18-24.

²Dover, personal interview.

1. Using the fitness report as a counseling tool will cause an inflation of marks back to the pre-1959 era. The present trend among company grade officers is currently toward the show era. (See Tables 1 and 2.)²

2. Revealing bad fitness reports to individuals will be met with displeasure and will alienate the subordinate toward the superior and will, therefore, produce poor working relationships, poor morale, and ultimately poor performance. There is little doubt that this would occur among some individuals; however, there is a certain amount of moral courage and leadership involved in this area which could go a long way in correcting many of the potential evils of this nature. If fitness report markings are based on objective evidence, Likert is of the opinion that most people will respond in a positive manner and would be emotionally willing to accept criticism about themselves.¹ Utilization of personality traits as yardsticks to measure past performance has been pretty well debunked; therefore, this position of the fitness report would not be of much value to the counselor.²

3. A great number of senior officers in the Marine Corps lack the formal training and understanding of professional counseling techniques necessary to carry out an effective counseling program.

¹See supra, p. 47.

²American Management Association, Make Appraisal Work for You, p. 4.

This is a valid fear and is one that is shared by many experts both in civilian industry and in the military. There is one way to overcome this particular fear, and that is by education. There are many effective counseling techniques and many experts willing to impart their knowledge of the subject to the desirous service. Contact teams can be set up to educate reporting seniors in the field, and prepared literature can be distributed to all concerned officers. Courses can be given in Basic School (for Lieutenants), Amphibious Warfare School (for Captains), and Command and Staff School (for Majors and Lieutenant Colonels). The means and methods for education of all officers in the techniques of the interview are available and would appear to be relatively economical considering the potential benefits to be derived.

Proposed Data Automated Fitness Reporting System

In order to correct existing shortcomings with the limited automated procedures of the current fitness report system, the Marine Corps in June, 1966 contracted Booze, Allen & Hamilton, Inc., a management consultant firm, to determine the feasibility of using an automated source data system (SDA) for processing officers fitness report data. This study was completed in February, 1967. A follow-up study by the same company was made in July, 1967, "to assist the Marine Corps in developing a more effective means for reporting staff

noncommissioned officers performance data."¹ This later report was completed in February, 1968.

As a result of these two studies, in June, 1968, the Marine Corps approved in principle the automation of fitness reports. In August, 1969, a working staff was organized within the Personnel Department, Headquarters, United States Marine Corps to develop a source data automated fitness report system (SDA). The primary purposes for developing a source data automated fitness reporting system are to:

1. Add noncommissioned officers to the system.
2. Improve accuracy by eliminating transportation errors.
3. Improve timeliness of processing.
4. Provide additional information to monitors, promotion boards, and special boards.
5. Reduction of costs and personnel requirements.²

The proposed source data automated fitness report system is based on the use of a fitness report form which will be optically read by optical character recognition (OCR) equipment. Punched cards will automatically be generated by the (OCR) equipment and will contain the performance data which is to be included in the computer files. These punched

¹United States Marine Corps, "Design of a Source Data Automated Fitness Reporting System," prepared by Booze, Allen & Hamilton, Inc., February, 1968. A study to design a staff noncommissioned officers fitness report processing system. Prepared solely for the use of the U.S. Marine Corps.

²Dickey, personal interview.

cards will serve as input medium into the computer system NCR 315-100.¹

When implemented, the new source data automated fitness report system would provide a print-out for all brief sheets of all twenty-two character trait markings, instead of just the three that the current system produces. In addition, the comparative distribution of marks (Figure 4, item 19(a)) would be included. Elimination of present mechanical processing would reduce errors and save a considerable amount of time. Booze, Allen & Hamilton estimates an annual savings of \$31,000.²

The development of such a system involves the completion of four separate but related tasks:

1. Redesigning of a source data automated fitness report. This report would replace the current fitness report form and would be used for both officer and noncommissioned officer reporting. It would be capable of being read by the OCR equipment. There would be no significant changes in content from the present report (Appendix B, Figure 9a, 9b.) A detailed examination of the tabular summary of fitness report changes (Appendix B, Figure 10a, b, c, and d) indicates not only the differences between the two systems, but what additional data will be collected by the computer.

¹Booze, Allen & Hamilton, February, 1967.

²Ibid., p. 28.

2. Present officer output forms must be redesigned or expanded to handle increased data outputs. This would envision an expansion of the master brief sheet (Appendix B, Figure 3) to include the additional nineteen character trait markings and the distribution spread. The other essential information would remain the same. New forms to handle noncommissioned officer output must be developed, along with new forms to support other possible information requirements.

3. A historical file must be developed based on the collection of data from past and present noncommissioned officers fitness reports. The collection effort of such information would be based on the system now employed for officer fitness reports.

4. A permanent organization must be established to administer the SDA fitness report system.¹

It is estimated that the implementation of the new source data automated fitness report system will take place sometime during fiscal year 1972.²

Although the new fitness report system provides obvious advantages over the new system, there is still no provision to provide average marks on the master brief sheet for promotion boards.

Further, though the addition of the comparative distribution of marks certainly increased the value of the

¹Dickey, personal interview, January 30, 1970.

²Captain Clifford Wieden, Assistant Head, Automated Fitness Report Section (DFA), Headquarters, U.S. Marine Corps, Washington, D. C., private interview held on February 16, 1970.

master brief sheets as an aid in selecting officers for promotion, it still fails to provide two important elements of information which would be invaluable to a promotion board. They are: (1) an automatically computed average distribution score for all officers of the same grade evaluated during the same period, and (2) a running computation of the officer's average "general value to the service" marking based on all previous fitness reports, plus a computation of the average distribution of markings found in 19(b) of the officer's fitness report over the years. This would give a promotion board an immediate assessment of where this officer stood in relation to all other officers he has served with in the past, and would tend to put inflated markings in proper perspective.

CHAPTER V

MANAGEMENT-BY-OBJECTIVES AND APPRAISAL-BY-RESULTS AND THEIR APPLICATION TO THE MARINE CORPS MANAGEMENT SYSTEM

Introduction

Management-by-objectives and appraisal-by-results in various forms has been practiced by many large business organizations with various reports of success. Standard Oil of New Jersey and its affiliates use a system of performance reviews and goal settings and report success for both.¹ Other organizations practicing management-by-objectives are: General Mills (a pioneer in the formal installation of the system), General Motors, General Electric, DuPont,² North American Aviation, International Business Machines, and Xerox. These are just a few of the larger organizations that practice this system in one form or another. Polaroid Corporation uses a form of appraisal-by-results supplemented by a formal interview, also with reported success.³

As far as evaluating the success of management-by-objectives, as practiced by business organizations, Booze,

¹Barrett, Performance Rating, p. 10.

²Odiorne, Management by Objectives, p. viii.

³John M. Egdon, District Manager, Polaroid Corporation, Washington, D. C., personal interview, February 9, 1970.

Allen & Hamilton, Inc., one of the nation's largest consulting firms (having served over 6,000 clients representing virtually every category of business, industry, and government), has made this observation: "The success of Performance Standards Techniques (PST) in industry is difficult to measure directly. However, in general, the success is determined by the degree to which performance standards techniques have:"¹

1. Increased contributions in meeting unit objectives.
2. Improved overall results in achieving primary organizational objectives.
3. Accelerated personal development in managerial skills.
4. Promoted creativity in exceeding normal duties and responsibilities.
5. Increased self-motivation among subordinates.
6. Assisted in supervisory control of subordinate activities.
7. Created objective guidelines for performance appraisal.

Booze, Allen & Hamilton also stated:

The ultimate result of a successful performance standards technique program is improvement in overall operating effectiveness. In organizations with the basic prerequisites for a performance standards technique program, significant evidence of this type of result has been seen.²

¹United States Marine Corps, "Application of Performance Standards Techniques in Senior Marine Corps Billets," prepared by Booze, Allen & Hamilton, Inc., February, 1968, p. 2. A study to determine the feasibility of applying PST techniques in the Marine Corps. A report intended solely for the use of the Marine Corps.

²Ibid., 2-3.

As stated in Chapter I, the scope of this paper does not include a detailed analysis of appraisal systems utilized by other business and military organizations. Such an analysis could be the subject of another separate study and could be of overall value and interest to the Marine Corps. However, the observations made by Booze, Allen & Hamilton are considered sufficient for the general determination of the applicability of business managerial techniques to Marine Corps management systems.

The analysis of management-by-objectives and appraisal-by-results in Chapter III has provided the reader with the necessary background to determine what features of the new concepts should be considered before determination is made as to whether such a management development system could be applied to a Marine Corps system.

A Review of Some of the Major Conclusions Derived
from the Booze, Allen & Hamilton Report

In May, 1966, the question of whether performance standards techniques utilized by industry for executive development and appraisal could be used by the Marine Corps was discussed by the Deputy Under Secretary of the Navy with senior Marine Corps general officers.

As a result, a study was undertaken by Booze, Allen & Hamilton to determine the feasibility of applying performance standards techniques in the Marine Corps. This study was completed in February, 1968, and included an assessment of performance standards techniques potential for application to

senior officer billets (Colonel, Brigadier General, or higher).

The major conclusions of this study were:

1. The management environment at senior officer levels meets the prerequisites for a successful industrial performance standards techniques program. Within this conclusion, several key characteristics were identified in the Marine Corps environment, which met what Booze, Allen & Hamilton considered to be prerequisites for the successful application of a performance standards program. They were:

- a. Clearly defined and understood unit goals and objectives.
- b. Delineated responsibilities and duties for significant billets.
- c. Project orientation overlaid on routine job requirements.
- d. Emphasis on results.¹

2. At senior officer levels, the application of performance standards techniques is feasible.²

¹Ibid., 38-39. It is noted that these are also identified in the steps of appraisal-by-results. See *supra*, pp. 34-38.

²Ibid., 39-40. In the process of this study, Booze, Allen & Hamilton conducted detailed interviews with some thirty-six senior Marine Corps officers. It was their conclusion that these officers showed the interest and expressed the need for the performance standards techniques system. The receptivity of these officers to the potential benefits of such a system reinforced the conclusion that the application of the performance standards techniques system is feasible.

3. Selective testing will be required to determine the feasibility of applying performance standards techniques to junior officer billets.¹

It was additionally concluded that pilot tests should be carried out by the Marine Corps to give a proposed performance standards techniques system a "thorough test under actual operating conditions to determine:"

1. The range of billets to which performance standards techniques will initially apply.

2. Detailed administrative procedures required to install and maintain a performance standards techniques program.

3. The most appropriate method of relating performance standards techniques to the officer fitness reporting system.

4. Training needs for effective operation of the program.

5. Operating objectives of performance standards techniques.

6. Costs in terms of manpower and time.²

¹Ibid., 41-42. This firm recognized the need to begin management development techniques at the junior officer level (Lieutenant Colonel-Second Lieutenant). Although the scope of their study did not include an analysis of the application of performance standards techniques methods at a junior officer level, it was their conclusion that additional pilot tests should be run to evaluate the feasibility of establishing performance standards techniques methods at a junior officer level.

²Ibid.

The Booze, Allen & Hamilton Analysis of the
Marine Corps Management Environment

Perhaps the most critical area investigated by the Booze, Allen & Hamilton report was the framework of the Marine Corps managerial environment. For, ultimately, it was the nature of this environment which would determine the feasibility of implementing a performance standards techniques program in the Marine Corps. Some of their conclusions are relevant to this study and some clearly warrant further investigation:

1. The highly structured and formal framework of the Marine Corps managerial system provides an adequate basis for a PST program. The structure of the Marine Corps is based on tradition, policies, and formal procedures. Such a formally structured system results in the following advantages:

a. Clearly defined missions and goals for each organization in the Marine Corps.

b. Written billet descriptions delineating individual responsibilities are available at senior levels in published documents.

c. The Marine Corps adheres to the practice of delegation of authority which is necessary for subordinates to accomplish assigned goals.¹

2. Operating approaches and management processes in the Marine Corps at senior levels are similar to those in industry. Many senior billets are similar to those in large

¹Ibid., 10-14.

industrial organizations. The following factors were considered in coming to this conclusion:

a. There exists in the Marine Corps considerable latitude to shift manpower to meet changing priorities.

b. The Marine Corps uses formal project systems at command and staff levels to increase operating efficiency.

c. The Marine Corps places heavy emphasis on performance results.

d. Like industrial organizations, the Marine Corps focuses efforts on such activities as:

(1) Planning.

(2) Policy development.

(3) Control of resources.

(4) Coordination of operating units.

(5) Inter-unit liaison.

(6) Resolution of significant problems.

(7) Direction of high-priority special projects.

e. The distinction between managerial and technical requirements increases at senior level.

f. Clear-cut measurable managerial goals exist in the Marine Corps. However, these goals are related to such things as combat readiness and overall defense posture. In industry, goals are primarily oriented toward profit.¹

3. The Marine Corps utilizes formal officer performance. "Despite its limitations, the Officer Fitness

¹Ibid., 14-17.

Reporting System provides the principal mechanism for reporting management performance."¹

4. The Marine Corps has both formal and informal officer development programs encompassing job rotation and use of formal education:²

a. Job rotation exposes Marine Corps officers to a cross section of operational and staff activities. "This technique provides for the development of management and technical skills through actual performance in differing billets."³

b. The Marine Corps educational system (special education programs and advanced degree programs) provides an opportunity for specially selected officers to receive formal education in management techniques.⁴ The advanced degree and special education programs are primarily concerned with post-graduate education at the U. S. Navy Post Graduate School in Monterey, California, and numerous selected civilian institutions. The Marine Corps educational system provides intermediate and senior level schooling in military and management functions at the Marine Corps Amphibious Warfare School and the Command and Staff School at Quantico, Virginia.

¹Booze, Allen & Hamilton, Inc., "Study of PST in the Marine Corps," 20-21.

²Ibid., 22.

³Ibid., 23.

⁴Ibid.

Weaknesses and Potential Drawbacks in the
Application of Performance Standards
Techniques Program into the Marine
Corps Management System

The Booze, Allen & Hamilton report appeared to be extremely optimistic but rather limited in its appraisal of potential drawbacks and weaknesses of the performance standards techniques system. An analysis of the report revealed four potential pitfalls identified by senior Marine officers, and three areas generally discussed, but lightly treated, by the authors of the study. In the following paragraphs, these problems and other problems considered relevant for discussion by the writer are evaluated.

Problems Considered Relevant by Marine Corps
Officers Affecting the Implementation of A
Performance Standards Techniques Program

The thirty-six senior Marine Corps officers interviewed in this study considered the following five problem areas as being the major stumbling blocks to implementing a PST program in the Marine Corps:

1. Degree of administrative effort required to operate a PST program.
2. Need for education among officers in the use of PST.
3. Potential difficulty in establishing meaningful objectives in combat units.
4. Time requirements for installation of a PST program during a period of extensive combat commitments.
5. Problems of relating PST to the fitness report system.¹

¹Booze, Allen & Hamilton, "Study of PST in the Marine Corps," p. v.

The above problem areas were mentioned in the letter of transmittal of the Booze, Allen & Hamilton report and were considered as "providing important insight into the areas which will require principal emphasis during a pilot test of PST."¹ There was no attempt in the text of the Booze, Allen & Hamilton study to critically analyze any of the above areas. A detailed analysis of problems 3 and 5 would appear to be especially critical in determining the feasibility of applying performance standards techniques in the Marine Corps.

Problem Areas Associated with the Implementation of
a Performance Standards Techniques System
Identified by the Study

The Booze, Allen & Hamilton study was divided into three areas, exclusive of the conclusions and recommendations and the recommended test approach. They were: (1) pre-requisites of a successful environment, (2) characteristics of the Marine Corps management environment, and (3) potential benefits of a performance standards techniques program. There was no area specifically devoted to an analysis of potential problems. The following problem areas were brought out throughout the text of the study:

1. Other than the officer development programs previously mentioned in this thesis, the Marine Corps has given limited attention to the ". . . application of systematic officer development programs on a day-to-day basis."² The

¹Ibid.

²See *supra*, p. 92.

study mentioned that Marine officers had indicated a strong desire to have a series of tools to aid in the development of officers. Performance standards techniques was viewed by the authors of the study as being a means of providing new management development approaches in the Marine Corps.¹

There were, however, no specific recommendations as to what feedback methods would be appropriate to the Marine Corps environment to enable Headquarters, Marine Corps to monitor the attainment of objectives and goals.²

2. The study recognized the Marine Corps fitness report as having several weaknesses but, in general, felt that ". . . it provides a formal mechanism for evaluating and recording performance." The primary weaknesses identified were: (1) "no show" policy except in the case of unsatisfactory performance, (2) failure of the system to provide a timely feedback to subordinates, and (3) failure to utilize the report consistently as a basis for counseling on performance and development needs.³

¹Booze, Allen & Hamilton, "Study of PST in the Marine Corps," p. 24.

²Most experts are in agreement that the establishment of a formal feedback system is necessary before an effective management-by-objectives system can be established. Performance standards techniques, like management-by-objectives, would appear to hinge on an effective appraisal-by-results formal feedback system. It would further appear that a feedback system is a means to the end, and will not be derived as a result of establishing the performance standards techniques system.

³Booze, Allen & Hamilton, "Study of PST in the Marine Corps," p. 22.

The comments made in paragraph 1, above, apply in this case. Except to state in general terms that there is a recognized need within the Marine Corps for "improved methods of establishing objective benchmarks in evaluating officer performance,"¹ no specific recommendations were made as to how such a system would be, or even could be, tailored to the Marine Corps management environment.²

3. The study listed one of the barriers to the performance of duty assignments as being the frequent additional unplanned duties and revisions of priorities imposed by higher authorities. It was felt that "this need for a shift in emphasis tends to complicate the achievement of preplanned goals."³

The Marine Corps is a highly flexible, changeable, and dynamic organization. It is an organization which has historically reacted to crisis. It is doubtful that this characteristic will ever change, and is, therefore, one characteristic of the Marine Corps environment that would appear to be dysfunctional to the establishment of meaningful

¹Ibid., 38.

²Again, this writer believes that it is "putting the cart before the horse" to evaluate the feasibility of a total performance standards techniques system without some considerations of the factors mentioned in the third chapter of this paper. The question of what fitness report system is best for a management-by-objectives system is extremely complex and must be tentatively resolved prior to, and not after, the beginning of any pilot program.

³Booze, Allen & Hamilton, "Study of PST in the Marine Corps," 13-14.

goals and objectives. There seems to be little doubt, as the study brought out, that within the Data Systems Division, Headquarters, Marine Corps, the Philadelphia Supply Activity, and Marine Corps Schools, Quantico, Virginia, that "... management responsibilities of senior Marine Corps officers are similar to those of executive positions in industry."¹ Although these billets are good examples for comparison with industry, they are not typical, and because of their relative stability, do not appear to provide realistic examples. The typical Marine Corps Division and its supporting elements would provide a real challenge to the performance standards techniques program but were not comparatively analyzed in this study.

Potential Significant Problem Areas Associated
with the Implementation of a Performance
Standards Techniques System Identified
by the Study

Although listed more as advantages rather than potential weaknesses, there are two other areas that should be carefully analyzed. They are: (1) the wide range of outside influences which require responses from the Marine Corps, and (2) the nature of the primary objectives of the Marine Corps vs. industry.

¹Ibid., 12-18.

Response to outside influences

The study emphasized the fact that unlike industry, the Marine Corps must be prepared to respond to a wide range of outside influences from the Office of the Secretary of Defense, Congress, to the public. The study considered that ". . . these unique requirements do not discount the basic analogy of the Marine Corps and industry. Rather, this requirement for response to external influences places a premium on the management skills of Marine Corps officers."¹ These requirements generate a very serious problem which could cause deviations from previously assigned goals and objectives at all levels of the Marine Corps. One Congressional inquiry can have serious impacts on the importance of previously assigned primary objectives. Examples of the impact of external influences can be found in great abundance in both of the two Marine Corps Recruit Depots, and in the combat zones of Vietnam. The problems of outside influence would not preclude the implementation of a performance standards technique system, but they are potential problems and should be considered as such.

Marine Corps objectives.

One of the primary environmental characteristics which makes management-by-objectives adaptable to an industrial situation is the difficult, but possible, quantification of objectives. This quantification process is made possible

¹ Ibid., 19.

because most objectives and goals of industry are measured in terms of profits. Profits can be quantified and the functions to obtain profit can be quantified and qualified.¹

The Booze, Allen & Hamilton study stated that, unlike industry, the Marine Corps' primary objectives and measures of performance are related to ". . . combat readiness and overall defense posture." And, further, that ". . . within these broad and complex objectives, there are management-type goals which contribute directly to the overall objectives of combat readiness and defense posture." The study used as an example aircraft maintenance where the development of new techniques to reduce preventive maintenance time without loss of efficiency would have a ". . . direct and meaningful impact on the overall Marine Corps objectives."²

This area was not treated as a potential weakness by Booze, Allen & Hamilton but was identified by the senior Marine officers interviewed as a potential problem as related to combat.³ On this basis of insight obtained from research for this thesis, it would appear that this is one of the most serious weaknesses that must be considered in evaluating the feasibility of the performance standards techniques program. The problem of how to quantify and qualify goals and objectives to obtain meaningful results is difficult enough without profits, but when applied to broad and changing readiness goals and

¹See supra, pp. 40-43.

²Booze, Allen & Hamilton, "Study of PST in the Marine Corps," 19-20.

³See supra, Problem 3, p. 93.

defense postures, it becomes an extremely difficult problem.

Equating maintenance and supply-type objectives to overall objectives is difficult enough, but relating manpower readiness to overall objectives would appear to be extremely difficult. How do you quantify individual personnel readiness? Inspections and tactical tests are one means, but they are at best subjective and difficult to uniformly apply over one battalion, much less a division. Again, these problems can, to a limited extent, be resolved, but they are serious problems and should be considered as such, in time of peace, as well as in time of war.

The views expressed in this chapter are a result of the research and analysis of this writer and in no way reflect the views, either official or unofficial, of the Marine Corps.

CHAPTER VI

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

As stated in Chapter I, the primary research question to which this thesis is addressed is: Does the Marine Corps officer appraisal system meet the needs of a modern Marine Corps? In addition to the primary research question, the following subsidiary research questions were asked:

1. What is the current philosophy on personnel appraisal, particularly as directed toward the management executive level in the larger business organizations?
 2. Does the appraisal system provide the Marine Corps with an effective managerial tool for aiding in the development of company and field grade officers (Second Lieutenants-Lieutenant Colonels)?
 3. Does it provide the Marine Corps with an effective vehicle for aiding promotion boards in selecting officers for the next higher grade?
 4. Is the appraisal system an effective vehicle for aiding the Marine Corps in personnel assignment?
 5. How does the Marine Corps officer appraisal system environment compare with modern business organizations?
- Further, does a basis for comparison exist, and if so, where?

6. Can appraisal-by-results be successfully integrated into the Marine Corps appraisal system?

The conclusions of this research paper contain the responses to these questions.

Summary

In Chapter II, an examination of the evolutionary process was made to determine the movement toward a new appraisal philosophy. Arch Patton envisioned a three-step evolutionary process beginning with what is commonly called the conventional approach, followed by the mathematical approach, and ending with the planned performance approach. An examination was then made of the three most common uses of conventional appraisal systems, which were found to be: administrative, informational, and motivational. Weaknesses commonly associated with appraisal systems utilized for administrative purposes are: (1) variation and ambiguity of standards, (2) leniency, and (3) effects of managerial leadership on the subordinate's performance. It was found that the utilization of appraisal systems for information purposes led to the following problems: (1) resistance and rejection of criticism by subordinates, (2) damage to superior-subordinate relationship as a result of negative criticisms, and (3) interpersonal difficulties in conducting appraisal interviews.

Many authorities found that the utilization of appraisal systems for motivational reasons had unfavorable results on the subordinate. However, it was found that the question of whether appraisal systems should be utilized for

informational and motivational purposes was controversial among many of the leading authors. In addition, three case studies made at the General Electric Company were examined to evaluate that organization's existing appraisal system and to test a new work planning and review system. The conclusions of these studies tended to validate research findings previously noted weaknesses of conventional appraisal systems and to support the implementation of a system of appraisal based on results.

Chapter III was devoted to an analysis of appraisal-by-results. Appraisal-by-results was found to be an integral part of the managerial concept of management-by-objectives. Management-by-objectives functions are based on the concept of mutually established goals set by superior and subordinate. The subordinate is then appraised having been evaluated on the basis of his accomplishments of these mutually agreed upon goals. Premises found necessary to implement an appraisal-by-results system were: (1) succession of specific goals, (2) freedom of action, (3) verifiable results, and (4) individual accountability. The steps involved in an appraisal-by-results system are: (1) mutual determination by superior and subordinate of the subordinate's job responsibilities, (2) mutual development of long and short-term goals, and (3) continuous reappraisal of performance accomplishments and re-evaluation of goals and objectives. One of the more difficult tasks found in establishing a results system was the quantifying and qualifying of functional tasks. Most experts agree, however, that although difficult, the qualifying and

quantifying of functional tasks is practical and feasible. Appraisal-by-results was also found to be influenced by many assumptions concerning human behavior, which have profound implications on a system of this nature.

Chapter III contains a list of eleven assumptions which Likert considered as warranting understanding and acceptance by management. Advantages to be gained from an appraisal-by-results system were: (1) avoidance of vagueness, (2) avoidance of subjective evaluations, (3) enhanced organizational goal congruence, (4) increased benefits to the individual such as: knowing where he stands, increased self-actualization and an encouragement of initiative, (5) appraisal-by-results provides an emphasis on the future rather than the past, and (6) appraisal-by-results identifies and aids in the prevention of managerial obsolescence. Weaknesses in an appraisal-by-results system were found to be: (1) "halo" and "horns" effect--i.e., stereotyping and being supercritical; (2) failure of appraisal-by-results to identify potential; (3) uncertainty concerning the underlying human behavioral assumptions; (4) tendency to over-stress results; (5) great length of time involved in establishing such a system; (6) difficulty in quantifying all results; (7) problems involved with the interdependence of goals; (8) inaccuracy and difficulty in the establishment of objectives and goals. In Chapter III it was concluded on the basis of an evaluation that a combination approach--combining conventional appraisal with a results appraisal--was possible but difficult.

In Chapter IV an analysis of the Marine Corps appraisal system was made. The Marine Corps appraisal instrument, the fitness report, was found to serve three purposes: (1) providing a continuous record of the officer's service to the Marine Corps, (2) aiding in the determination of officer duty assignments, and (3) aiding in the determination of an officer's qualification to the next higher grade. The Marine Corps fitness report is a conventional measurement device based primarily on character traits evaluation. The fitness report is not utilized as a management tool and does not provide feedback to the subordinate except in the case of a marginal or unsatisfactory appraisal. Counseling is considered by the Marine Corps to be inherent in leadership. The Marine Corps fitness report is not designed as a feedback device, or a counseling tool, since Marine Corps regulations prohibit showing it to the appraisee ("no show policy") except in the cases mentioned above. The "no show policy" was instituted in the Marine Corps in 1959 to reduce inflated marking, and in an attempt to obtain a more realistic appraisal of the subordinate. However, percentage data tables presented in this chapter indicate that a high degree of marking inflation still existed in all officer ranks from 1959 to 1969. Weaknesses found in the Marine Corps appraisal system were similar to those associated with other conventional systems. The Marine Corps is developing a fully automated fitness reporting system to be implemented in fiscal year 1972. Although the newly proposed system is a vast improvement, mechanically, over the present

system, the concept of appraisal will remain unchanged.

In Chapter V, the feasibility of the application of management-by-objectives into the Marine Corps management system was examined. Management-by-objectives and appraisal-by-results are presently being practiced successfully in many business organizations. Booze, Allen & Hamilton conducted a study in 1968 to determine the feasibility of applying performance standards techniques (management-by-objectives) in the Marine Corps. The major conclusions of this study were: (1) the management environment at senior officer levels within the Marine Corps meets the prerequisites for a successful industrial performance standards techniques program, (2) at senior officer levels, the application of performance standards techniques is feasible, and (3) selective testing will be required to determine the feasibility of applying performance standards techniques at the junior officer level of the Marine Corps. Weaknesses and potential drawbacks of implementing a management-by-objectives system in the Marine Corps were identified as follows: (1) a great amount of administrative workload is required to establish such a system, (2) there is a need for education among officers in the use of such a system, (3) time requirements for establishment are great, (4) problems of relating performance standards techniques to the Marine Corps fitness report, (5) lack of a systematic officer development program, (6) frequent additional unplanned duties and revisions of priorities imposed by higher authorities, (7) frequent responses to outside influences and

(8) the difficulty in quantifying goals and objectives, particularly among combat organizations. Major weaknesses found in the Booze, Allen & Hamilton study were: (1) failure to identify and analyze major problems and assumptions associated with management-by-objectives and appraisal-by-results systems, (2) failure to emphasize the importance of developing an appraisal system to complement the performance standards program, and (3) failure of the study to utilize Marine Corps combat arms in the analysis of the quantification of tasks, goals, and objectives. Benefits to be derived by such a system were, in general, the same as outlined in Chapter III of this thesis.

Conclusions

1. The response to the primary research question:
Does the Marine Corps officer appraisal system meet the needs of a modern Marine Corps?

The current Marine Corps appraisal system is not intended nor designed to function as a management tool. Its primary purposes are to aid the Marine Corps in considering the officer for promotion and to aid in the selection of personnel for assignment. In serving these purposes, it is concluded that the current system does meet the needs of a modern Marine Corps. If, however, it is decided that the appraisal system is to function as a management tool, as a part of an appraisal-by-results system, then it would fail in its present concept to achieve the desired results (Chapters IV and V).

2. The response to the first subsidiary question:

What is the current philosophy on personnel appraisal, particularly as directed toward the management executive level in the larger business organizations?

The current philosophy on personnel appraisal has evolved from the conventional traits approach and mathematical approach to a present concept of "appraisal-by-results" or variations of this concept (Chapter II). There are many authors who oppose this system because of its complexity and uncertainty, and therefore, still cling to the conventional traits approach. Appraisal-by-results is the only current appraisal philosophy offering new approaches to the resolution of this age-old problem. It is considered that the appraisal-by-results system, or variations thereof, could be utilized at all levels of management (Chapter III).

3. The response to the second subsidiary question:

Does the appraisal system provide the Marine Corps with an effective managerial tool for aiding in the development of company and field grade officers (Second Lieutenants-Lieutenant Colonels)?

The Marine Corps fitness report is not designed as a managerial tool for aiding in the development of company and field grade officers. It is not shown to the officer except in the case of marginal or unsatisfactory performance. The fitness report does not, therefore, provide feedback to the average or better officer (Chapters IV and V).

4. The response to the third subsidiary question:

Does it provide the Marine Corps with an effective vehicle for aiding promotion boards in selecting officers for the next higher grade?

In its present form, the Marine Corps fitness report, coupled with other factors such as: age of the officer, education of the officer, type of professional experience, and combat record, does effectively aid Marine Corps promotion boards in the selection of officers for the next higher rank (Chapter IV).

5. The response to the fourth subsidiary question:

Is the appraisal system an effective vehicle for aiding the Marine Corps in personnel assignment?

The Marine Corps fitness report does appear to provide the personnel assignment officer with an effective instrument for aiding in the assignment of officers. The primary problem in personnel assignment in the Marine Corps seems to be not the appraisal instrument utilized, but the small number of officer assignment monitors charged with the responsibility of personnel assignment within each assignment section (Chapter IV).

6. The response to the fifth subsidiary question:

How does the Marine Corps officer appraisal system environment compare with modern business organizations? Further, does a basis for comparison exist, and if so, where?

Recent studies conducted by highly competent and reputable management consultants have concluded that the senior levels of the Marine Corps can be favorably compared to modern

business organizations (Chapter V). However, the research conducted by this writer does not substantiate that ample factual proof of such comparisons have been presented to the Marine Corps. This lack of proof is especially apparent in the comparison of industry with the Marine Corps combat arms.

7. The response to the sixth subsidiary question:
Can appraisal-by-results be successfully integrated into the Marine Corps appraisal system?

It is the conclusion of studies conducted by Booze, Allen & Hamilton that the integration of a performance standards techniques program (management-by-objectives) in the Marine Corps is feasible. Since evidence points to the fact that an appraisal-by-results system is necessary to effectively implement the management-by-objectives system, these studies tend to confirm that an appraisal-by-results system can be successfully integrated into the Marine Corps appraisal system (Chapter V). Based on the information presented in Chapters III, IV, and V, it is concluded that a modified form of appraisal-by-results can be integrated in the Marine Corps system. The implementation of such a system, however, would tend to support the idea that the present fitness report, suitably modified, would serve as the primary management tool for appraisal counseling. Should it be determined that this added purpose administratively conflicts with the stated purposes of the current system (i.e., promotion and personnel assignment), it is acknowledged that the requirement for an appraisal counseling device would be generated by the

implementation of an appraisal-by-results system.

Recommendations

1. That until an effective management-by-objectives and appraisal-by-results system is integrated into the Marine Corps management system, the present "no show" philosophy now practiced by the Marine Corps be continued in the grades of Major and above.
2. That a "show" policy be utilized in the officer grades below Major.
3. That the proposed automated fitness report be modified to include a column for forcing evaluating officers to rank their distribution of rated officers by grade, in a numerical sequence, and regardless of assigned mark. And, further, that a cumulative percentage of relative standing, based on the officers rating from fitness report to fitness report, be computed and printed out on the master brief sheets. This procedure would put inflated marks in proper perspective and give a realistic appraisal of where an officer actually stands in relationship with his peers. (See Appendix B, Figure 12 for a sample of such a proposal.)

Thus, an officer rated "outstanding" during a particular marking period could, by virtue of the forced rating of item 14(a), Appendix B, Figure 12, be marked as six out of twelve or in the middle percentile of this peer group. This would deflate an inflated fitness report and put the rating of the

individual in proper perspective.¹ It would appear that the addition of this procedure would be of great value to the output user. The computer should be able to convert the above 14(a) and 14(c) information to a single percentile score.

One major problem would be the mechanical computation involved to provide the current system with any sort of historical base.²

4. That a modified formal appraisal-by-results counseling system be evaluated on a pilot basis in conjunction with the current fitness report system. This system should be based on a formal counseling sheet shown to the subordinate by the superior on at least a quarterly basis. This sheet could be a summary check list of characteristics or performance areas to be discussed. Some areas for discussion would be mandatory; others could be added at the discretion of the rating officer. This sheet would not reflect any observations, criticisms, and conclusions on the part of the superior. It would provide a basis for preparation of the semi-annual and annual reports. Information reported on the formal fitness report would be based on prior interviews and, as such, there

¹There is little doubt that such a system would take the "starch" out of inflated marking. What effect learning that one is only rated average with an outstanding fitness report would have on an individual is certainly an interesting question to be considered. This writer has reason to believe that such extremes would be rare, and the long-range value of such information would be great.

²Paul J. Thompson and Gene W. Dalton, "Performance Appraisal: Manager's Beware," Harvard Business Review (January-February, 1970), 155. There are some authors who believe that comparative ranking of subordinates is a deflating experience having a disruptive effect on their performance and a negative effect on their self-esteem.

should be no surprises to the subordinate. A copy of this report would be forwarded to Headquarters, Marine Corps, and would be retained for as long as deemed necessary. It would be signed by both the senior and subordinate.

5. That a detailed follow-up study be conducted to reduce some of the ambiguities and generalities noted in previous studies of potential performance standards techniques programs. This follow-up should be done prior to developing a pilot program.

6. That consideration be given to the elimination or revision of character trait ratings from the Marine Corps fitness report system. If traits are utilized, they should be verifiable and as concrete and as objective as possible. "Personal appearance," "physical condition" (based on physical readiness tests by score), "writing ability," and "speaking ability," would be a few of the examples.

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APPENDIX A

MANAGEMENT-BY-OBJECTIVES: ITS APPLICATION
TO THE MILITARY ENVIRONMENT

BY

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INTRODUCTION

The purpose of this group project paper is to conduct an examination of the principles of "management by objectives," and to determine what applicability there is to the military environment.

This will be accomplished by briefly examining the historical background of "management by objectives," followed by an examination of its conceptual framework and its applicability to modern general management. Finally, this paper will analyze the application of "management by objectives" to both the macro-environment and the micro-environment within the military.

Over the years, "management by objectives" has come to mean different things to different people. It has been described by some as the "total concept" approach to management. Others see it as providing a new type of dynamism necessary to create an integrated operation which is greater than the sum of its parts. Peter Drucker, for example, has stated:

Management is not just a creature of the economy, it is a creator as well. And only to the extent to which it masters the economic circumstances, and alters them by conscious, directed action, does it really manage. To manage a business means, therefore, to manage by objectives.¹

¹Peter F. Drucker, The Practice of Management (New York: Harper and Brothers, 1954), p. 12.



The concept is a total approach to management--a way of thinking about management in its overall aspects. Its characteristics may be stated as follows:

1. It is a system for making organizations work, for increasing the vitality and commitment of the people involved.
2. By its statement of objectives, it helps to insure that those involved know what is expected of them, what is to be accomplished, and how it is to be measured.
3. It is applicable to all types of personnel, professional and managerial, line and staff, from the top executive down to the first line supervisors.
4. It attempts to see management as a totality.¹

George S. Odiorne defines "management by objectives" as:

The system of management by objectives can be described as a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these as guides for operating the unit and assessing the contributions of each of its members.²

This paper is organized into four chapters. Chapter I explores the historical development of "management by objectives." Chapter II details the framework of the concept and explores its applicability to general management, concluding with analysis of the operational process. Chapter III examines the macro- and micro-military environments, and how management by objectives can be, or has been, effectively applied to these settings.

¹Edward Young Holt, Jr., "Management by Objectives" unpublished student thesis, The George Washington University, Washington, D.C. 1966, p. 48.

²George S. Odiorne, Management by Objectives: A System of Managerial Leadership (New York: Pitman Publishing Company, 1965), pp. 55-56.

Chapter IV contains the summary and conclusions.

The sources of information used in this paper were: (1) reference material, (2) sum total of group personal experience, (3) information from class lectures.

CHAPTER I

HISTORICAL DEVELOPMENT

Needs

Over the years, the increased technological and educational development of our society has added new dimensions to the complexities found in human behavior and industrial problem solving. These new and varied complexities have begun to surpass the abilities of present day management to effectively cope with them, using past problem solving methods.

Although the principles and procedures found in the concept of "management by objectives," are applicable to organizations of all sizes and complexities, their value appears to increase as the size and complexity of the organization increases. Organizations with the greatest gap between top management and subordinate working units have inherently the greatest problems in achieving units of purpose and overall goal congruence.

The achievement of goal congruence between organization headquarters and subordinate units is an absolute must if the organization as a whole is to survive. An industrialist and author has stated: "The division exists not to earn a profit of its own, but to contribute to the profit of the entire

business."¹

Since, "management by objectives" is a total concept not found in other methods, it would appear that its applicability could be established in any size organizational entity regardless of complexity.

One of the needs voiced by both line and staff people is, " . . . a clarification of aims of the company. Only then do they say they will have a better sense of the direction they are to take in their day-to-day employee contacts."²

Therefore, regardless of what phrase is used to describe the method, i.e., "management for results," "management by objectives," etc., it is the basic assumption of this paper that there exists in industry and the military a need for a total concept to aid in the development of overall goal congruence.

Background

"Management by objectives" is not a recent idea. In fact Henri Fayol in 1961 wrote:

The maxim, managing means looking ahead," gives some idea of the importance attached to planning in the business

¹Howard C. Greer, "Division Profit Calculation - Notes on the Transfer Price Problem," Contemporary Issues in Cost Accounting: A Discipline in Transition, ed. by Hector Anton and Peter A. Firmin (Boston: Houghton Mifflin Company, 1966), p. 290.

²James J. Bambrick, "The Setting of Company Objectives in Employee Relations," Advanced Management (January, 1960), p. 16.

world, and it is true that if foresight is not the whole of management at least it's an essential part of it. To foresee, in this context, means both to assess the future and make provision for it; that is, foreseeing is itself action already . . . The plan of action is, at one and the same time, the result envisaged, the line of action to be followed, the stages to go through, and methods to use . . . The preparation of the plan of action is one of the most difficult and more important matters of every business and brings into play all departments and all functions, especially the management function.¹

Other industrial greats of prior years who used less scientific but effective variations of management by objectives were: Henry Ford, Adolph Ochs, Andrew Carnegie, and Cornelius Vanderbilt. All these men established clearly defined objectives by which all efforts were measured.² In addition, over the years the Westinghouse Electric Corporation has been one of the leaders in the utilization of management by objectives.³

The basis for the use of "management by objectives" in the military has been clearly established over the years. Dr. Luther Gulick stated that one of the most important managerial lessons learned from WWII was that "a clear statement of purpose universally understood is the outstanding guarantee of effective

¹Henri Fayol, General and Industrial Management (New York: Pitman Publishing Corporation, 1949), pp. 43-44.

²Robert H. Schaeffer, "Management by Total Objectives", Management Bulletin #52 (New York: American Management Association, 1964), p. 1.

³Holt, Management by Objectives, p. 7.

administration"¹ and further:

On this point military administration taught us a real lesson. With minor exceptions, no activity was initiated by the military without a clear definition, a definition cast in terms of purpose, timing, and resources; no organizational unit was set up without a statement of its mission. The success or failure of any man or any venture was measured against this specific statement of objectives and methods. In administration, God helps those administrators who have clearly defined mission, and thus the beginning of authority commensurate with their responsibility.²

The term "management by objectives" was first used by Peter F. Drucker, in 1954, in his book The Practice of Management. Drucker not only provided a detailed description of the system as he observed it, but presented a rationale for its use.³ The foundation was thus established, in 1954, for the further development of what must be considered the most important break through in the field of management in many years.

¹Luther Gulick, Administrative Reflections from WWII (University of Alabama Press, 1948), p. 77.

²Ibid., p. 78.

³Holt, Management by Objectives, p. 8.

CHAPTER II

CONCEPT AND PROCEDURES

Conceptual Framework¹

"Management by objectives" works through the organizational hierarchy and utilizes the formal organization and goals.

This management technique sets objectives for managers and measures their achievement by establishing major goals and their supporting sub-goals and a priority system. The goals provide a positive means for measuring progress.

Risks are assigned to all leaders and performance is measured in terms of results rather than personalities. All leaders must face the risk of failure or success, while the goals provide an impersonal measure of performance.

"Management by objectives" is applicable to first line supervisors and up, but only limitedly to individual workers.

Application to General Management²

This system measures the true contribution of the participants to organizational goals. It provides a measure

¹Odiome, Management by Objectives, p. 54.

²Ibid., p. 55.

of quantity as well as quality, by showing what has been accomplished by comparison with a specific beginning and end.

Coordinated teamwork and effort is obtained without eliminating risk and initiative. The goal hierarchy coordinates all activities, and the individual goals provide the lure of success and rewards.

Areas of responsibilities, including joint areas, are readily defined. Joint responsibilities are divided into specific areas of responsibility.

Goal congruence is promoted. The individual's goals are success and reward and can be achieved only by accomplishing the organization's goals.

Personality appraisals are eliminated. Personalities and potential are not used to measure the work results. Goal accomplishment is the only acceptable measurement.

Each manager's span of control is usually enlarged without decreasing specific control of each subordinate. Busy-work is minimized by substituting management work.

A method for the allocation of bonuses or salary increases is provided. "Results" are readily identified and measured to justify rewards. Meritorious work is more easily proven and salary increases justified by a greater contribution toward the organization's goals.

The "Management by Objectives" Cycle¹ (See Chart #1)

Step 1: The common goals of the organization and the measures of organizational performance are determined. Goals and measures of performance work from the top down, and are determined at each level for that level only.

Step 2: The organizational structure is revised to fit the goals. The measures of performance are tailored to each unit and its associated goals.

Step 3: Separately, the superior and subordinate set down their desired goals and measures of performance for the subordinate's job. See Chart #2 for a model of the goal-selecting process.

Step 4: Jointly, superior and subordinate discuss, compromise, and agree on the goals and the measures of performance for the subordinate's job. The participants also provide feed-back to the organization's goals and measures of performance.

Step 5: Interim measures of performance are checked by the superior, as previously agreed to by the subordinate, as each milestone is reached. All goals are reviewed and inappropriate ones are eliminated. The subordinate's development and training is reviewed and supplemented as required. In addition, new goals and measures of performance

¹Ibid., p. 78.

are discussed as desired.

Step 6: Periodically, a cumulative review is made of the subordinate's results in achieving his goals. The subordinate's "Results" are formally evaluated along with his development and training accomplishments.

Step 7: Organization performance is reviewed periodically to determine if its goals and structure should be modified.

The cycle repeats itself.

The Cycle of Management by Objectives

CHART I

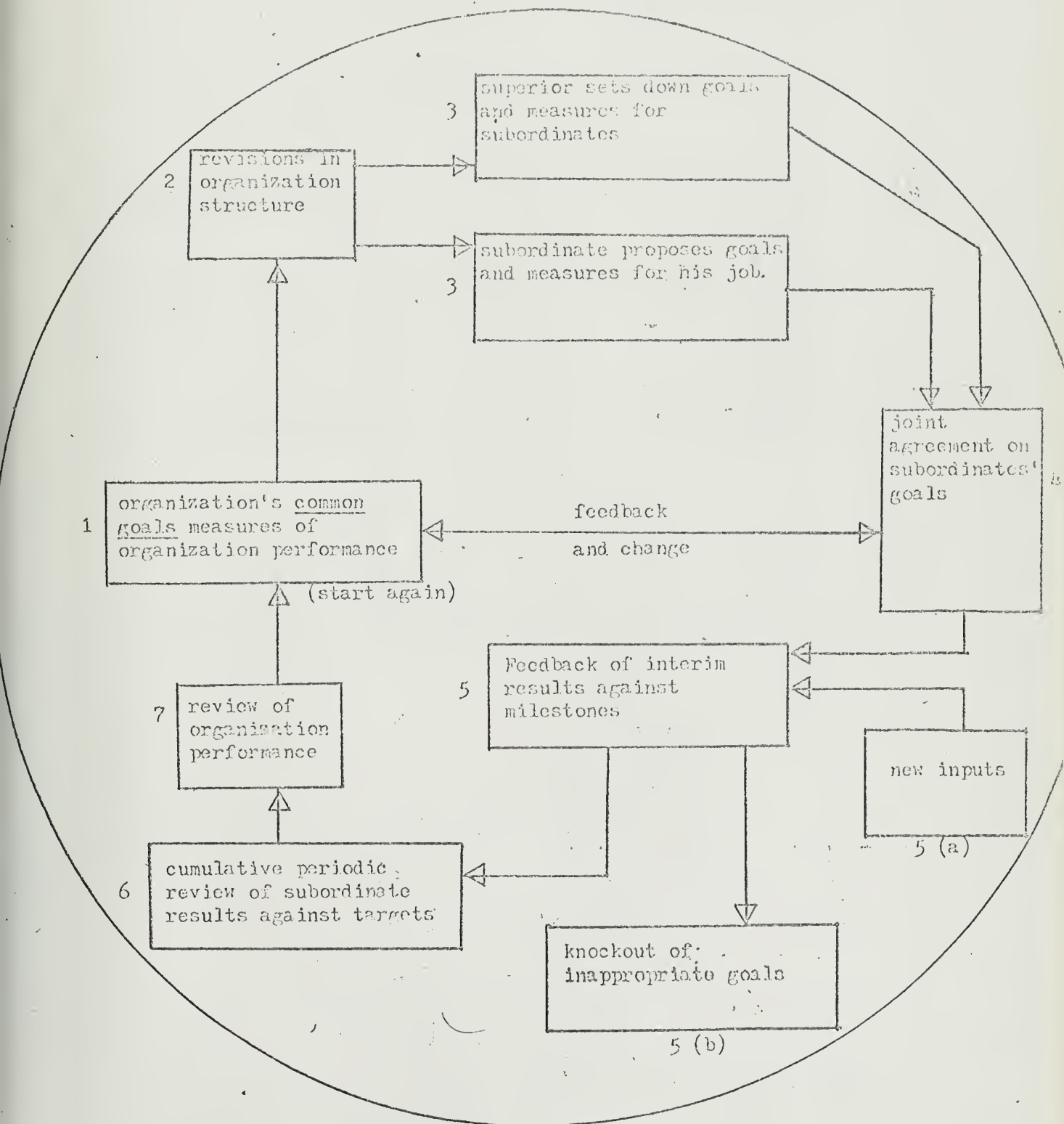
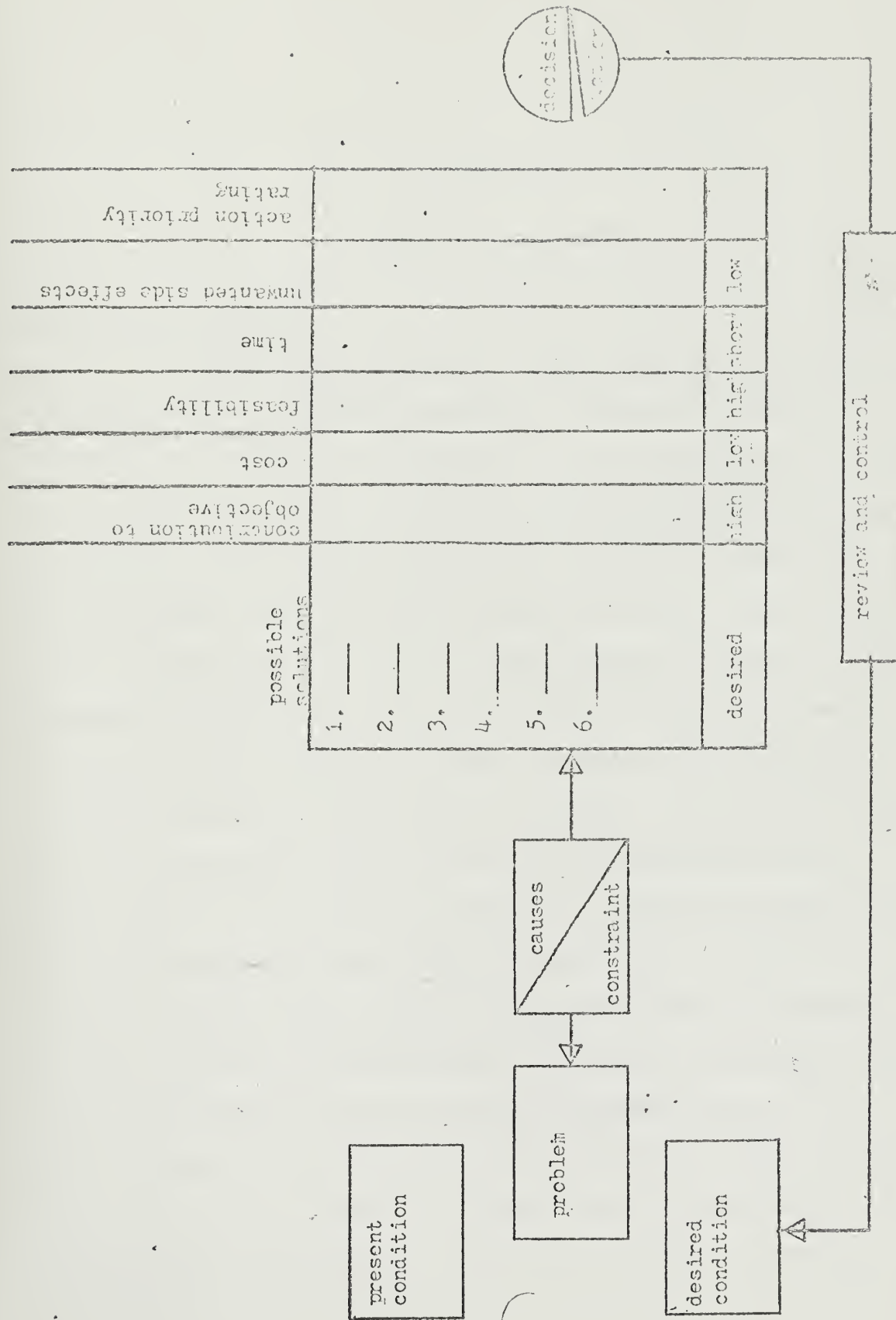


CHART II



CHAPTER III

MILITARY MANAGEMENT

Macro-Environment

In order to determine the applicability of "management by objectives" to the macro-military setting, it is first necessary to establish the management environment at this level.

The efficient allocation of resources has become the core problem for the military, and the principal objective of top management in the Defense Department (DOD). Historically, little attempt has been made to apply economic theory to the management of military resources. This situation probably resulted from the small proportion of national resources formerly allocated to the military, except in periods of war. With the prospect of United States military expenditures continuing at 10 per cent or more of our gross national product in the foreseeable future, the efficient use of the very large resources involved has become a matter of primary importance. The efficient use of our military resources is a special problem because there are no built-in mechanisms like those in the private sector of the economy, which lead to greater efficiency. Within government, there is neither a price mechanism to evaluate efficiency nor competitive forces to induce the government

organizations to carry out each function at minimum cost.

The elements of the military problem of economic choice are considered to be the following:

1. An objective or objectives. What military or other national aim or aims are we trying to accomplish with the forces, equipments, projects or factors currently being considered?
2. Alternative. By what alternative forces, equipments, projects, factors may the objective be accomplished?
3. Costs or resources used. What costs are incurred or resources used by each alternative method considered for accomplishment of the objective?
4. A model or models. The use of abstract representations of reality which help to perceive significant relations in the real world and by manipulation, predict others.
5. A criterion. This is a test which permits the choice of one alternative over another.¹

The optimal system is the one which yields the greatest excess of objectives over cost or resources used. However, this ideal solution is seldom a practical possibility in military problems since objectives and costs usually have no common measure. In most cases, the military must be content with calculating an efficient rather than an optimal solution. This is contrary to the profit maximization criteria in industry.

Since an analysis in terms of objectives and costs is seldom feasible, the military frequently adopts a "requirements" approach. The military staffs address a problem, draft a plan which appears to solve the problem and then determine requirements from the plan. The feasibility of the plan is

¹Hitch, Charles J. and McKean, Roland N., The Economics of Defense in the Nuclear Age, (New York: Atheneum, 1965), pp. 118-119.

then checked to determine if the weapons system can do the job and whether the necessary money can be obtained. In many cases "requirements" are based on need alone, with little attention to alternative programs and costs.

Another approach common to the military problem is the "priorities" approach, in which the decision items are ranked according to the degree of need. The "priorities" approach does not solve the allocation problem because it does not reveal how much should be spent on particular items.

At the DOD level, Hitch and McKean classify military economic decisions as:

Operations decisions (strategy and tactics);
Procurement or force composition decisions; and
Research and development decisions.¹

The basic differences between the kinds of decisions are attributable to the different time spans between the point of decision and the manifestation of the decision. For example, the operations decisions affect capability in the immediate future. A procurement decision may not affect capability for several years while research and development decisions will tend to affect capabilities at a still later date.

Difficulties in making these decisions can be seen quite easily when it is realized that the effects of a change in tactics

¹Ibid., p. 205.

in 1969 can be evaluated in the context of 1969. However, to evaluate the effect of a decision, in 1969, to develop a new weapon may require projecting the context to 1979. Such analyses are uncertain and since they are based on long range forecasting, they are open to much criticism as to whether they will satisfy the long range objectives.

There are many diverse views within government as to the national objectives. This variance in views further permeates the Defense Department at the level of the Office of the Secretary of Defense (OSD), which when taken in conjunction with the political realities of the situation, makes the establishment of goal congruence extremely difficult. Yet it must be acknowledged that the subordinate managers (the Services) do have a voice in setting their own objectives and do participate in the goal-setting process. Further, within each Service headquarters, the majority of the managers understand the relationship of their own division objectives to the broader objectives of the Service. Peter Drucker suggested objectives be supplied to "every area where performance and results directly and vitally affect the survival and prosperity of the business."¹ In conformance with this concept, at Service headquarters, vital issues and goals are handled in the manner

¹Peter F. Drucker, The Practice of Management (New York: Harper and Row Publisher, 1954), p. 233.

suggested by Drucker.

Micro-Environment

The goals of individual military units are more stable than those of the Services or OSD. Another positive factor is that similar units have similar military and management goals, which permits the highly fluid supervisory personnel to move in and out of the organization with minimum disruption. This stability and continuity provides a good basis of understanding and a more compatible framework within which to apply "management by objectives."

The unit command and his subordinates share a wide range of similar experiences and a broadly similar outlook and point of view, and have a generally agreed opinion as to the overall goals and objectives of the organization. This basic broad agreement does not, however, mean that "management by objectives" is normally practiced nor easily implemented at the unit level. As a matter of fact, the very homogeneity which is so beneficial in many situations, works against "management by objectives." Each level of supervision tends to take the others for granted, and assumes that purposes and objectives are so clear that no precise enunciation of goals or specific agreement are necessary. This leads to a reluctance to sit down to a goal congruence session. Participants feel that the time is wasted, the process is somewhat

demeaning, and it may in some way tread on their military prerogatives.

The use of "management by objectives" cannot be automatically instituted within a military unit because some basic changes are required. The most necessary change and the fundamental requirement for the installation of this process is the establishment of a wide range of truly open, two way communications. Joint agreement on subordinate goals and accurate and useful feedback, which are the essentials of the process, depend entirely on the existence of these communications channels. This necessitates a rethinking of traditional roles and attitudes on the part of all the participants in the management process, particularly those in the top jobs.

All levels of management must realize that the best interests of the organization, and of the individuals within it, can best be achieved through open and thorough preparation. The time spent on goal congruence must come to be considered a vital part of the management process.

In addition to improved organizational performance, "management by objectives" is used as a measure of individual performance. In the military, the individual is evaluated in a highly stylized format but the use of the procedure is left in large measure to individual interpretation. In this area, the openness of communications and goal congruence associated

with the overall management by objectives process can be applied with great benefit. Again, the similarities between participants have tended to overshadow the differing concepts and points of view caused by differences in age, length of service, and different vantage points within the organization.

Further, in the military, as contrasted to civilian management, performance evaluations are made on the basis of relatively short periods of close contact between the grader and the graded. The conceptual framework of management by objectives is particularly applicable to this facet of the military situation, because it is designed to break down overall goals into manageable short-term increments. Properly applied, the process can become a mutual educational experience, providing the commander with a greater insight into the problems and complexities of his unit, and the subordinate with a greater measure of participation and control over his performance and ultimate evaluation.

CHAPTER IV

SUMMARY AND CONCLUSIONS

Summary

"Management by objectives" is a system that attempts to view management in totality. The manager is portrayed as a creator who has to master circumstances. It is a process which coordinates the aims of the manager with the goals of the organization, defines responsibilities, measures results, assesses the contribution of each manager, and rewards him accordingly.

This management philosophy has evolved as an attempt to harness the complex situations and organizations required by the giant strides being made in the technological fields. The management philosophies used during the first half of the 20th Century were not able to master these new complexities.

The need for such a system was recognized as early as 1916 by Henry Fayol. The basic principles of setting objectives were practiced in the United States, by industrial magnates such as Henry Ford, Andrew Carnegie and others. The system of "management by objectives" was formalized in 1954 by Peter Drucker.

Goal congruence and reinforcement should be a major objective of an organization. To survive and prosper, an organization must insure that the ends of the organization also

lead to the accomplishment of the individual's desires.

The central concept of this management technique is the goal hierarchy which coordinates all activities. Organizational sub-goals provide the lure of success and reward for members of the organization. The process cycles down from the top through each manager and back up again, culminating in a measurement of organizational and individual performance and an analysis of necessary changes to the organizational objectives and/or structure.

There are problems affecting the application of the "management by objectives" process to military management. At the DOD level, the environment resists the establishment of a definitive long-term goal hierarchy. Objectives and the availability of economic resources change with the world and national political situation. Thus, military management, at this level, is essentially pragmatic and seeks "acceptable" solutions, within the constraints of the requirements and priorities of the moment.

At Service headquarters, the objectives are more stable, especially in sensitive or critical areas of operations.

In individual military units, there is a strong orientation toward the mission of the unit. This is supported by the common training and background of unit personnel. These factors provide a foundation for using this system. However,

the "management by objectives" system is not normally used in operating units because the assumption is frequently made that the unit objectives and performance criteria are common knowledge. This is reinforced by the formal restrictive communication process. The need for a formal process of goal congruance is not perceived.

Conclusions

Is "management by objectives" applicable to the military environment?

The conclusions of this group are that:

1. Its application is extremely difficult in the volatile atmosphere of the DOD level environment.
2. It could be beneficially applied to the more stable operations at Service headquarters.
3. Its application to individual military units could be readily implemented and would return the greatest dividend.

APPENDIX B

MISCELLANEOUS MARINE CORPS REPORTS, SHEETS, CARDS, AND DOCUMENTS DIRECTLY RELATED TO THE MARINE CORPS FITNESS REPORT SYSTEM

List of Illustrations

Figure	Page
1. Officer Fitness Report Brief--NAVMC HQ 477	144
2. Personnel History Card (1070)--NAVMC HQ 472.	145
3. Master Brief Sheet (1400)--NAVMC HQ 466.	146
4. Fitness Report Coding Sheet--NAVMC HQ 465.	148
5. Sample Lieutenant's Fitness Report	150
6. Sample Captain's Fitness Report.	151
7. Sample Captain's Fitness Report.	152
8. Sample Major's Fitness Report.	153
9. Proposed Source Automated Fitness Report	154
10. Tabular Summary of Fitness Report Changes.	156
11. Sample Block from Proposed SDA Fitness Report Showing Recommended Forced Distribution of Rated Officers	160

FIGURE 1
Officer Fitness Report

LANGUAGE PROFICIENCY

MILITARY EDUCATION

CIVILIAN EDUCATIONREMARKS

FIGURE 2
Personnel History Card

FIGURE 3
Master Brief Sheet (Right Half)

FITNESS REPORT CODING SHEET
NAVHC HQ 465-PD

	INITIALS			RANK		SERVICE NUMBER							TYPE UNIT				COMMAND CODE			TYPE REPORT	COMMENCE DATE					NUMBER MONTHS	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		20	21	22	23	24	25	26
1																											
2																											
3																											
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30																											

FIGURE 4
Fitness Report Coding Sheet (Left Half)

SHEET NO. _____

FIGURE 4
Fitness Report Coding Sheet (Right Half)

SECTION C (To be completed in gross and look up reporting senior)

Considering the officer reported on in comparison with all other officers of the same grade whose professional abilities are known to you personally, indicate your estimate of this officer by marking "X" in the appropriate spaces below.

16. PERFORMANCE OF DUTY (Based on fact)	NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT	OUTSTANDING
(a) REGULAR DUTIES							
(b) ADDITIONAL DUTIES				X			
(c) ADMINISTRATIVE DUTIES				X			
(d) HANDLING OFFICERS	X						
(e) HANDLING ENLISTED PERSONNEL	X						
(f) TRAINING PERSONNEL	X						
(g) TACTICAL HANDLING OF TROOPS (Unit appropriate to officer's grade)	X						

17. TO WHAT DEGREE HAS HE EXHIBITED THE FOLLOWING?

(a) ENDURANCE (Physical and mental ability for carrying on under fatiguing conditions)	X						
(b) PERSONAL APPEARANCE (The trait of habitually appearing neat, smart, and well-groomed in uniform or civilian attire)						X	X
(c) MILITARY PRESENCE (The quality of maintaining appropriate dignity and soldierly bearing)						X	X
(d) ATTENTION TO DUTY (Industry; the trait of working hard and conscientiously)					X		
(e) COOPERATION (The faculty of working in harmony with others, military and civilian)	X				X		
(f) INITIATIVE (The trait of taking necessary or appropriate action on own responsibility)				X	X		
(g) JUDGMENT (The ability to think clearly and arrive at logical conclusions)				X	X		
(h) PRESENCE OF MIND (The ability to think and act promptly and effectively in an unexpected emergency or under great strain)	X				X		
(i) FORCE (The faculty of carrying out with energy and resolution that which is believed to be reasonable, right or duty)					X		
(j) LEADERSHIP (The capacity to direct, control, and influence others and still maintain high morale)	X						
(k) LOYALTY (The quality of rendering faithful and willing service, and unswerving allegiance under any and all circumstances)	X						
(l) PERSONAL RELATIONS (Faculty for establishing and maintaining cordial relations with military and civilian associates)	X						
(m) ECONOMY IN MANAGEMENT (Effective utilization of men, money and materials)	X						

18. Considering the possible requirements of service in war, indicate your attitude toward having this officer under your command. Would you—

- ☐ NOT OBSERVED
- ☐ PREFERRED NOT TO HAVE?
- ☒ BE WILLING TO HAVE?
- ☐ BE GLAD TO HAVE?
- ☐ PARTICULARLY DESIRE TO HAVE?

19. Indicate your estimate of this officer's "General Value to the Service" by marking "X" in the appropriate space below.

NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT	OUTSTANDING
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION D (To be completed by reporting senior in pen and ink.) Record in this space a concise appraisal of the professional character of the officer reported on.

was not "on top of his job" to the extent that I thought he should be. I attribute this to a deficiency in initiative and attention to detail. His growth potential is average. This is the only officer I have reported on at this time.

SECTION E (To be completed by the reporting senior)

I CERTIFY that to the best of my knowledge and belief all entries made hereon are true and without prejudice or partiality.

25 Feb 60

(Signature of reporting senior) (Date)

SECTION F (To be completed by officer reported on)

(Check One)

I have seen this completed report. ☐ I HAVE NO STATEMENT TO MAKE

☐ I HAVE ATTACHED A STATEMENT

(Signature of officer reported on) (Date)

FORM C (To be completed in pen and ink by reporting senior)

Considering the officer reported on in comparison with all other officers of the same grade whose professional abilities are known to you personally, indicate your estimate of this officer by marking "X" in the appropriate spaces below.

PERFORMANCE OF DUTY (Based on fact)

	NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT	OUTSTANDING
REGULAR DUTIES							
ADDITIONAL DUTIES	X						
ADMINISTRATIVE DUTIES	X						
HANDLING OFFICERS							
HANDLING ENLISTED PERSONNEL						X	
TRAINING PERSONNEL					X		
ACTUAL HANDLING OF TROOPS (Unit appropriate to officer's grade)	X						

TO WHAT DEGREE HAS HE EXHIBITED THE FOLLOWING?

DURANCE (Physical and mental ability for carrying on under fatiguing conditions)	X						
PERSONAL APPEARANCE (The trait of habitually appearing neat, smart, and well-groomed in uniform or civilian attire)							X
MILITARY PRESENCE (The quality of maintaining appropriate dignity and soldierly bearing)						X	
ATTENTION TO DUTY (Industry; the trait of working thoroughly and conscientiously)						X	
COOPERATION (The faculty of working in harmony with others, military and civilian)						X	
INITIATIVE (The trait of taking necessary or appropriate action on own responsibility)				X			
JUDGMENT (The ability to think clearly and arrive at logical conclusions)					X		
PRESENCE OF MIND (The ability to think and act promptly and effectively in an unexpected emergency or under great strain)	X						
FORCE (The faculty of carrying out with energy and resolution that which is believed to be reasonable, right or duty)					X		
LEADERSHIP (The capacity to direct, control, and influence others and still maintain high morale)					X		
LOYALTY (The quality of rendering faithful and willing service, and unswerving allegiance under any and all circumstances)							X
PERSONAL RELATIONS (Faculty for establishing and maintaining cordial relations with military and civilian associates)						X	
ECONOMY IN MANAGEMENT (Effective utilization of men, money and materials)	X						

Considering the possible requirements of service in war, indicate your attitude toward having this officer under your command. Would you—

☐ NOT OBSERVED ☐ PREFER NOT TO HAVE ☐ BE WILLING TO HAVE ☐ BE GLAD TO HAVE ☒ PARTICULARLY DESIRE TO HAVE

Indicate your estimate of this officer's "General Value to the Service" by marking "X" in the appropriate space below.

NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT	OUTSTANDING
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SECTION D (To be completed by reporting senior in pen and ink.) Record in this space a concise appraisal of the professional character of the officer reported on. (70% space must not be left blank)

is a dependable officer, though somewhat lacking in initiative.
Explains report below: 13.
Markings: Excellent, 5; Excellent above average, 4; above average, 2; average, 2.

SECTION E (To be completed by the reporting senior)

CERTIFY that to the best of my knowledge and belief all entries hereon are true and without prejudice or partiality.

SECTION F (To be completed by officer reported on)

(Check One)

I have seen this completed report. ☐ I HAVE NO STATEMENT TO MAKE
☐ I HAVE ATTACHED A STATEMENT

(Signature)

(Date)

(Signature of officer reported on)

(Date)

SECTION G (To be completed by reviewing officer)

OF REVIEWING OFFICER

GRADE COLONEL US MC

ASSIGNMENT

FIGURE 6

Sample Captain's Fitness Report (Back)

SECTION C (To be completed in pen and ink by reporting senior)

Considering the officer reported on in comparison with all other officers of the same grade whose professional abilities are known to you personally, indicate your estimate of this officer by marking "X" in the appropriate spaces below

16. PERFORMANCE OF DUTY (Based on fact)

	NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT
(a) REGULAR DUTIES						
(b) ADDITIONAL DUTIES	X					
(c) ADMINISTRATIVE DUTIES				X		
(d) HANDLING OFFICERS				X		
(e) HANDLING ENLISTED PERSONNEL				X		
(f) TRAINING PERSONNEL			X			
(g) TACTICAL HANDLING OF TROOPS (Only appropriate to officer's grade)	X					

17. TO WHAT DEGREE HAS HE EXHIBITED THE FOLLOWING?

(a) ENDURANCE (Physical and mental ability for carrying on under fatiguing conditions)	X					
(b) PERSONAL APPEARANCE (The trait of habitually appearing neat, smart, and well-dressed in uniform or civilian attire)						X
(c) MILITARY PRESENCE (The quality of maintaining appropriate dignity and orderly bearing)						X
(d) ATTENTION TO DUTY (The trait of working thoroughly and conscientiously)				X		
(e) COOPERATION (The faculty of working in harmony with others, military and civilian)				X		
(f) INITIATIVE (The trait of taking necessary or appropriate action on own responsibility)				X		
(g) JUDGMENT (The ability to think clearly and arrive at logical conclusions)				X		
(h) PRESENCE OF MIND (The ability to think and act promptly and effectively in an unexpected emergency or under great stress)	X					
(i) FORCE (The faculty of carrying out with energy and resolution that which is believed to be reasonable, right, or duty)				X		
(j) LEADERSHIP (The capacity to direct, control, and influence others and still maintain high morale)				X		
(k) LOYALTY (The quality of rendering faithful and willing service, and supporting of opinion, under any and all circumstances)	X					
(l) PERSONAL RELATIONS (Faculty for establishing and maintaining cordial relations with military and civilian associates)				X		
(m) ECONOMY IN MANAGEMENT (Effective utilization of men, money, and materials)	X					

18. Considering the possible requirements of service in war, indicate your attitude toward having this officer under your command. Would you—

☐ NOT OBSERVED ☐ PREFER NOT TO HAVE ☒ BE WILLING TO HAVE ☐ BE GLAD TO HAVE ☐ PARTICULARLY DESIRE TO HAVE

19. Indicate your estimate of the officer's General Value to the Service by marking "X" in the appropriate space below.

NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT	OUTSTANDING
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION D (To be completed by reporting senior in pen and ink.) Record in this space a concise and vivid description of the professional character of the officer reported on. (This space should not be left blank)

A little too glib for my tastes. Has a tendency to come running to battalion too much concerning matters of small import. He tends to acquire and exhibit a "can do attitude" and to improve his grasp of company tactics and its subordinate components. Also an average company; its administration, however, requires more command supervision. I have evaluated as follows during this reporting occasion: 2 Capt (above av to ext), 1 Capt (above av), 1 Capt (av), and 2 Capt (below av).

SECTION E (To be completed by the reporting senior)

I CERTIFY that to the best of my knowledge and belief all entries made hereon are true and without prejudice or partiality.

Resardgrm Hall
(Signature of reporting senior)

W. H. Hall
(Date)

SECTION F (To be completed by officer reported on)

(Check One)

I have seen this completed report. ☐ I HAVE NO STATEMENT TO MAKE ☐ I HAVE ATTACHED A STATEMENT

FIGURE 7

Sample Captain's Fitness Report (Back)

SECTION G (To be completed by reviewing officer)

NAME OF REVIEWING OFFICER

GRADE Colonel US MC

DUTY ASSIGNMENT

INITIALS

SECTION C (To be completed by person reporting senior)

Considering the officer reported on in comparison with all other officers of the same grade whose professional abilities are known to you personally, indicate your estimate of this officer by marking "X" in the appropriate spaces below

16. PERFORMANCE OF DUTY (Based on fact)

	NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT	OUTSTANDING
(a) REGULAR DUTIES							
(b) ADDITIONAL DUTIES							
(c) ADMINISTRATIVE DUTIES							
(d) HANDLING OFFICERS							
(e) HANDLING ENLISTED PERSONNEL							
(f) TRAINING PERSONNEL							
(g) TACTICAL HANDLING OF TROOPS (Unit appropriate to officer's grade)	X						

17. TO WHAT DEGREE HAS HE EXHIBITED THE FOLLOWING?

(a) ENDURANCE (Physical and mental ability for carrying on under fatiguing conditions)	X						
(b) PERSONAL APPEARANCE (The trimness of appearance, neatness, and well-kept uniform and equipment)							
(c) MILITARY PRESENCE (The quality of maintaining appropriate dignity and orderly bearing)							
(d) ATTENTION TO DUTY (Industry; the trait of working thoroughly and conscientiously)							
(e) COOPERATION (The faculty of working in harmony with others, military and civilian)							
(f) INITIATIVE (The trait of taking necessary or appropriate action on one's responsibility)							
(g) JUDGMENT (The ability to think clearly and arrive at logical conclusions)							
(h) PRESENCE OF MIND (The ability to think and act promptly and effectively in an unexpected emergency or under great stress)	X						
(i) FORCE (The faculty of carrying out with energy and resolution that which is believed to be reasonable and just)							
(j) LEADERSHIP (The capacity to direct, control, and influence others and to inspire in high morale)							
(k) LOYALTY (The quality of rendering faithful and willing service, and accepting duty under any and all circumstances)							
(l) PERSONAL RELATIONS (Faculty for establishing and maintaining cordial relations with military and civilian associates)							
(m) ECONOMY IN MANAGEMENT (Effective utilization of men, money and materials)							

18. Considering the possible requirements of service in war, indicate your attitude toward having this officer under your command. Would you--

- ☐ NOT OBSERVED
 ☐ PREFER NOT TO HAVE
 ☒ BE WILLING TO HAVE
 ☐ BE GLAD TO HAVE
 ☐ PARTICULARLY DESIRE TO HAVE

19. Indicate your estimate of this officer's "General Value to the Service" by marking "X" in the appropriate space below.

NOT OBSERVED	UNSATISFACTORY	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	EXCELLENT	OUTSTANDING
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION D (To be completed by reporting senior in pen and ink.) Record in this section your appraisal of the performance of the officer reported on. (This space must not be left blank)

is relatively short on time in tactical units. He is a capable and intelligent man, whose personality does not project too well. He has done a satisfactory job, but tends to put much of the work-load on his subordinates. His background does not tend to make him a leader.

4 Majors: Above Ave - 1; Ave/Above Ave - 2; Below Ave/Ave - 1.

SECTION E (To be completed by the reporting senior)

I CERTIFY that to the best of my knowledge and belief all entries made hereon are true and without prejudice or partiality.

6 Mar '66
(Date)

SECTION G (To be completed by reviewing officer)

NAME OF REVIEWING OFFICER

DUTY ASSIGNMENT

MCAS, Cherry Point, N. C.

SECTION F (To be completed by officer reported on)

(Check One)

I have seen this completed report. ☐ I HAVE NO STATEMENT TO MAKE

☐ I HAVE ATTACHED A STATEMENT

FIGURE 8
Sample Major's Fitness Report (Back)

GRADE

INITIALS

USMC FITNESS REPORT

NAVMC FEB 1970

See reverse for instructions

SECTION A - COMPLETED BY MARINE REPORTED ON (Use CR for typewriter only - see reverse)

1. GRADE: AFR 2a. MCC: 2b. RUE: 2c. ORGANIZATION (Abbreviate as required): 3. ORGANIZED RESERVE: 4. PERIOD (From) - (To): 4b. OCCASION: 4c. TYPE: 4d. PERIODS OF UNAVAILABILITY (30 or more consecutive days) - EXPLAIN: 5. FIRST REGULAR DUTY: 5a. Descriptive Title: 5b. Months: 5c. T/O No.: 5d. Line No.: 5e. Duty MOS: LEAVE BLANK, HOME USE ONLY: 6. SECOND REGULAR DUTY: 6a. Descriptive Title: 6b. Months: 6c. T/O No.: 6d. Line No.: 6e. Duty MOS: LEAVE BLANK, HOME USE ONLY: 7. SHIP QUAL: 8. GYSGT PREF: 9. DEPENDENTS REQUIRING TRANSPORTATION: 9a. No.: 9b. Location: 9c. Address: 10a. DUTY PREFERENCE (MCC Code): 10b. DUTY PREFERENCE (Descriptive Title): 11. REPORTING SENIOR: 11a. Service No./SSAN: 11b. Grade: 11c. Service: 11d. Name and Duty Assignment

SECTION B - COMPLETED BY REPORTING SENIOR (USE BLACK INK AND ALL THE BOX INDICATE YOUR ESTIMATE OF THIS MARINE)

12. PERFORMANCE OF DUTY: 12a. EXTENDED: 12b. NOT OBSERVED: 12c. REGULAR DUTIES: 12d. ADDITIONAL DUTIES: 12e. ADMINISTRATIVE DUTIES: 12f. HANDLING OFFICERS (Mark MOS): 12g. HANDLING ENLISTED PERSONNEL: 12h. TRAINING PERSONNEL: 12i. TACTICAL HANDLING OF TROOPS: 12j. TO WHAT DEGREE HAS MARINE EXHIBITED THE FOLLOWING?: 12k. ENDURANCE: 12l. PERSONAL APPEARANCE: 13. MILITARY PRESENCE: 13a. ATTENTION TO DUTY: 13b. COOPERATION: 13c. INITIATIVE: 13d. JUDGEMENT: 13e. PRESENCE OF MIND: 13f. FORCE: 13g. LEADERSHIP: 13h. LOYALTY: 13i. PERSONAL RELATIONS: 13j. ECONOMY OF MANAGEMENT: 14a. YOUR ESTIMATE OF THIS MARINE'S "GENERAL VALUE TO THE SERVICE": 14b. DISTRIBUTION OF MARKS AWARDED OTHER MARINES OF THIS GRADE DURING PERIOD: 14c. FILL IN YES SO THAT THE SUM OF EACH COLUMN CORRESPONDS TO ITEM 14b: 14d. COMMENTING THE REQUIREMENTS OF SERVICE IN WAF, INDICATE YOUR ATTITUDE TOWARD HAVING THIS MARINE UNDER YOUR COMMAND: 14e. HAS THIS MARINE BEEN THE SUBJECT OF ANY OF THE FOLLOWING REPORTS DURING PERIOD (If yes, reference in Section C): 14f. COMMENDATORY: 14g. ADVERSE: 14h. DISCIPLINARY ACTION: 14i. REPORT CASE OR OBSERVATION: 14j. QUALIFIED FOR PROMOTION (NCO only): 14k. CONCUR WITH DUTY PREFERENCE (Item 10): 14l. SECTION C HAS UNIQUE: 14m. PROMOTION INFO: 14n. ASSIGNMENT INFO:

RECORD A CONCISE APPRAISAL OF THE PROFESSIONAL CHARACTER OF MARINE REPORTED ON, THIS SPACE MUST NOT BE LEFT BLANK.

NOTE: This sample reduced to 8" x 10 $\frac{1}{4}$ "; the actual form will be produced in case file size (8 $\frac{1}{2}$ " x 11").

FIGURE 9

Proposed Source Automated Fitness Report (Front)

21. (Signature of Marine reported on) (Date): 22. I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL ENTRIES MADE HEREON ARE TRUE AND WITHOUT PREJUDICE OR PARTIALITY. (Signature of reporting senior) (Date): 23. WHEN REQUIRED (check one): 23a. I HAVE NO STATEMENT TO MAKE: 23b. I HAVE ATTACHED A STATEMENT: 24. REVIEWING OFFICER (Name, Grade, Duty Assignment): 24a. INITIALS: 24b. DATE:

STAPLE ADDITIONAL PAGES HERE

CHECK HERE IF ADDITIONAL PAGES ATTACHED

ALTERNATE SECTION A - FOR USE WHEN OCR
 TYPewriter IS NOT AVAILABLE

1. STAPLE ADDITIONAL PAGES HERE		1c. GRADE		1c. LAST NAME		1c. FIRST NAME		1c. MIDDLE INITIAL		1c. PRIMARY MOS	
2a. MCL		2b. RUC		2c. ORGANIZATION (Abbreviate as required)				3a. RESERVE DUTY			
3a. PERIOD (From) - (To)		3b. OCCASION		3c. TYPE		3d. PERIODS OF UNAVAILABILITY (30 or more consecutive days) - EXPLAIN					
4a. PERIOD (From) - (To)		4b. OCCASION		4c. TYPE		4d. PERIODS OF UNAVAILABILITY (30 or more consecutive days) - EXPLAIN					
5. FIRST REGULAR DUTY		6. MONTHS		7. C/T/D NO.		8. LINE NO.		9. DUTY MOS		LEAVE BLANK, NAME USE ONLY	
a. Descriptive Title		b. Months		c. T/D No.		d. Line No.		e. Duty MOS		LEAVE BLANK, NAME USE ONLY	
6. SECOND REGULAR DUTY		7. MONTHS		8. C/T/D NO.		9. LINE NO.		10. DUTY MOS		LEAVE BLANK, NAME USE ONLY	
a. Descriptive Title		b. Months		c. T/D No.		d. Line No.		e. Duty MOS		LEAVE BLANK, NAME USE ONLY	
7. MESHIP EVAL.		8. GYSGT		9. INCIDENTS REQUIRING TRANSPORTATION							
a. No.		b. Location		c. Address							
10a. DUTY PREFERENCE (Mark Code)		10b. DUTY PREFERENCE (Descriptive Title)		10c. DUTY PREFERENCE (Mark Code)							
1ST		2ND		3RD		1ST		2ND		3RD	
11. REPORTING SENIOR		a. Service No./SSAN		b. Grade		c. Service		d. Name and Duty Assignment			

GENERAL INSTRUCTIONS

1. This form is designed for use with optical character recognition (OCR) equipment. Do not fold or mutilate. Section A must be prepared by typewriter using a USASI Type A standard character set for OCR. Typing must be double-spaced, in correct alignment and in capital letters. When an OCR typewriter is not available use the Alternate Section A above. Section B must be completed in black ink or black felt pen. Each completed block must be at least 75% filled and its boundaries not traversed.

a. Abbreviations shown in marking blocks stand for the following:

NO	Not Observed	- Insufficient opportunity to evaluate.
UN	Unsatisfactory	- Below minimum standards.
BA	Below Average	- Satisfactory up to a minimum standard.
AV	Average	- Qualified to the generally accepted standard.
AA	Above Average	- High qualified.
EX	Excellent	- Qualified to degree seldom achieved by others of grade.
OS	Outstanding	- One of the clearly superior individuals of his grade known to the reporting senior.

FIGURE 9

Proposed Source Automated Fitness Report (Back)

b. Definitions of traits listed in Item 13:

ENDURANCE	(Physical and mental ability for carrying on under fatiguing conditions)
PERSONAL APPEARANCE	(The trait of habitually appearing neat, smart, and well-groomed in uniform or civilian attire)
MILITARY PRESENCE	(The quality of maintaining appropriate dignity and soldierly bearing)
ATTENTION TO DUTY	(Industry; the trait of working thoroughly and conscientiously)
COOPERATION	(The faculty of working in harmony with others, military and civilian)
INITIATIVE	(The trait of taking necessary or appropriate action on own responsibility)
JUDGMENT	(The ability to think clearly and arrive at logical conclusions)
PRESENCE OF MIND	(The ability to think and act promptly and effectively in an unexpected emergency or under great strain)
FORCE	(The faculty of carrying out with energy and resolution that which is believed to be reasonable, right or duty)
LEADERSHIP	(The capacity to direct, control, and influence others and still maintain high morale)
LOYALTY	(The quality of rendering faithful and willing service, and unwavering allegiance under any and all circumstances)
PERSONAL RELATIONS	(Faculty for establishing and maintaining cordial relations with military and civilian associates)
ECONOMY IN MANAGEMENT	(Effective utilization of men, money and materials)

2. Supplementary pages may be attached if necessary to provide additional information including amplification of Section C. Such pages must include the name and identification number of the Marine reported on, the period and occasion of the report, the item number or section being amplified, and the signature of the reporting senior. All such pages must be attached by staple to the space provided.

FIGURE 10
Tabular Summary of Fitness Changes

Tab A {Tabular Summary of Fitness Report Changes}

Item No.	old SDA	Description	Format old SDA	Collect old SDA
-		Embossed Plate Impressions	x	
-		Program No.: AFR	x	x
1	1a	Service Number/SSAN	x	x
1	1b	Initials	x	x
1	1c	Grade	x	x
1		Component	x	
1	1d	Name	x	x
3	1e	Primary MOS	x	x
3		Additional MOS's	x	
2	2a	Monitored Command Code {MCC}	x	x
	2b	Reporting Unit Code {RUC}	x	x
2	2c	Organization	x	x
15B	3	Organized Reserve Drills	x	x
5	4a	Period Covered: From	x	x
5	4a	To	x	x
5		Number of Months	x	x
4	4b	Occasion	x	x
D	4c	Type {Combat/Joint Staff}	x	x
6	4d	Periods of Nonavailability	x	x
		<u>Regular Duties:</u>		
7	5a	1st - Descriptive Title	x	x
7	5b	Number of Months	x	x
	5c	T/O Number	x	x
	5d	Line Number	x	x
7	5e	Duty MOS	x	x

Item No.		Description	Format		Collect	
Old	SDA		Old	SDA	Old	SDA
7	6a	2d - Descriptive Title	x	x	x	x
7	6b	Number of Months		x		x
	6c	T/O Number		x		x
	6d	Line Number		x		x
7	6e	Duty MOS	x	x		x
	-	"HQMC USE ONLY" Blocks		x		x
7B		Additional Duties	x			
7B	7	Marksmanship Qualifications	x	x	x	x
7B	8	GySgt Promotion Preference	x	x		x
<u>Dependents Requiring Transportation:</u>						
9		Age, Relationship	x			
	9a	Number		x		x
	9b	Location Code		x		x
	9c	Address	x	x		
10	10a	Duty Preference Codes {3}	x	x	x	x
10	10b	Descriptive Titles {3}	x	x		
<u>Reporting Senior's:</u>						
	11a	Service Number/SSAN		x		x
11	11b	Grade	x	x		x
11	11c	Service	x	x		x
11	11d	Name	x	x		
12	11d	Duty Assignment	x	x		
<u>Performance:</u>						
11a	12a	Regular Duties	x	x	x	x
11b	12b	Additional Duties	x	x		x
11c	12c	Administrative Duties	x	x		x

Item No.		Format	Collect
<u>Old SDA</u>	<u>Description</u>	<u>Old SDA</u>	<u>Old SDA</u>
16d 12d	Handling Officers	x	x
16e 12e	Handling Enlisted Personnel	x	x
16f 12f	Training Personnel	x	x
16g 12g	Tactical Handling of Troops	x	x
	<u>Traits:</u>		
17a 13a	Endurance	x	x
17b 13b	Personal Appearance	x	x
17c 13c	Military Presence	x	x
17d 13d	Attention to Duty	x	x
17e 13e	Cooperation	x	x
17f 13f	Initiative	x	x
17g 13g	Judgement	x	x
17h 13h	Presence of Mind	x	x
17i 13i	Force	x	x
17j 13j	Leadership	x	x
17k 13k	Loyalty	x	x
17d 13d	Personal Relations	x	x
17m 13m	Economy	x	x
	<u>Other:</u>		
19a 14a	Value	x	x
19b 14c	Distribution	x	x
18 15	Desirability	x	x
14a 16a	Commendatory Report	x	x
14b 16b	Adverse Report	x	x
14c 16c	Disciplinary Report	x	x

Item No.		Description	Format	Collect
Old SDA			Old SDA	Old SDA
15A	17	Degree of Observation	x	x
D	18	NCO Qualified for Promotion	x	x
13		Recommendations for Assignment	x	
	19	Concurrence with Duty Preference	x	x
	20	Promotion/Assignment Flag	x	x
D	C	Amplifying Comments	x	x
		<u>Authentication:</u>		
-	21	Signature of Marine Reported On	x	x
E	22	Reporting Senior's Certification	x	x
F	23	Referral {When Required}	x	x
G	24	Reviewing Officer's Section	x	x
-		■ Additional Pages Attached	x	

SECTION A - COMPLETED BY MARINE REPORTED ON
(Use for font typewriter only - See reverse.)

SECTION B - COMPLETED BY REPORTING SENIOR. USE BLACK INK AND
FILL THE BOX TO INDICATE YOUR ESTIMATE OF THIS MARINE

USMC FITNESS REPORT

NAVMC PROPOSED 1-74-70

ALIGNMENT LINE

See reverse for instructions

1a. SERVICE NO./SSAN AER		1b. INITIALS		1c. GRADE		1d. NAME (Last, First, Middle Initial)		1e. PRIMARY MOS	
2a. MCC		2b. RUC		2c. ORGANIZATION (Abbreviate as required)				3. ORGANIZED RESERVE DRILLS ATTN: SCHED:	
4a. PERIOD (From) - (To) YR MO DA YR MO DA		4b. OCCASION		4c. TYPE		4d. PERIODS OF NONAVAILABILITY (30 or more consecutive days) - EXPLAIN			
5. FIRST REGULAR DUTY a. Descriptive Title		b. Months		c. T/O No.		d. Line No.		e. Duty MOS	
6. SECOND REGULAR DUTY a. Descriptive Title		b. Months		c. T/O No.		d. Line No.		e. Duty MOS	
7. SHIP QUAL.		8. GYSGT PREF		9. DEPENDENTS REQUIRING TRANSPORTATION a. No. b. Location c. Address					
10a. DUTY PREFERENCE (MCC Code) 1ST 2ND 3RD		10b. DUTY PREFERENCE (Descriptive T/O) 1ST 2ND 3RD		(SAMPLE 10a)					
11. REPORTING SENIOR a. Service No./SSAN		b. Grade		c. Service		d. Name and Duty Assignment			

12. PERFORMANCE OF DUTY (Based on Fact)		13. MILITARY PRESENCE		14. YOUR ESTIMATE OF THIS MARINE'S "GENERAL VALUE TO THE SERVICE"	
a. REGULAR DUTIES		a. ATTENTION TO DUTY		14b. DISTRIBUTION OF MARKS AWARDED OTHER MARINES OF THIS GRADE DURING PERIOD	
b. ADDITIONAL DUTIES		c. COOPERATION		14c. FILL BOXES SO THAT THE SUM OF EACH COLUMN CORRESPONDS TO ITEM 14b	
c. ADMINISTRATIVE DUTIES		d. INITIATIVE			
d. HANDLING OFFICERS (Major NCOs)		e. JUDGEMENT			
e. HANDLING ENLISTED PERSONNEL		f. PRESENCE OF MIND			
f. TRAINING PERSONNEL		g. FORCE		15. CONSIDERING THE REQUIREMENTS OF SERVICE IN WAR, INDICATE YOUR ATTITUDE TOWARD HAVING THIS MARINE UNDER YOUR COMMAND	
g. TACTICAL HANDLING OF TROOPS		h. LEADERSHIP		NOT OBSERVED PREFER BE BE PARTICULARLY OBSERVED NOT WILLING GLAD DESIRE	
13. TO WHAT DEGREE HAS MARINE EXHIBITED THE FOLLOWING?		i. LOYALTY		16. HAS MARINE BEEN THE SUBJECT OF ANY OF THE FOLLOWING REPORTS DURING PERIOD (If yes, reference in Section C)	
a. ENDURANCE		j. PERSONAL RELATIONS		a. COMMENDATORY b. ADVERSE c. DISCIPLINARY ACTION	
b. PERSONAL APPEARANCE		k. ECONOMY		17. REPORT BASED ON OBSERVATION	
				18. QUALIFIED FOR PROMOTION (NCO only)	
				19. CONCUR WITH DUTY PREFERENCE (Item 10)	
				20. SECTION C HAS UNIQUE	

CONSIDER THE MARINE REPORTED ON IN COMPARISON WITH ALL OTHERS WHOSE PROFESSIONAL ABILITIES ARE KNOWN TO YOU PERSONALLY

FIGURE 11

Sample Block From Proposed SDA Fitness Report
Showing Recommended Forced Distribution of Rated
Officers

10 AUG 71	20764
5 JAN 77	21974
7 APR 74	22305
1 MAR 62	27886
15 MAR 62	27886
30 DEC 67	14494

Thesis

113130

W228 Ward

A comparative evaluation of performance appraisal systems used in industry as compared to the appraisal system used by the United States Marine Corps.

